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## Chinese bankers' compensation: why it doesn't match the West

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# THE WALL STREET JOURNAL.

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## Roger Federer wins Australian Open final

European Pressphoto Agency

Roger Federer of Switzerland celebrates after defeating Britain's Andy Murray in the Australian Open final Sunday and extending his record to 16 Grand Slam titles. Mr. Murray was hoping to become the first British man since 1936 to win a major.

# U.S.-China relations cool on arms deal

By Andrew Browne And Jason Dean

BEIJING—China's suspension of military exchanges with the U.S. in retaliation for a $6.4 billion arms sale to Taiwan heightens the risk of friction between Beijing and Washington at a time when they are already at loggerheads over a host of security and economic issues.

China announced the freeze on military exchanges Saturday, and summoned the U.S. ambassador to Beijing for a formal complaint, following the Obama administration's announcement Friday that it is proceeding with the sale of antimissile systems, helicopters and other arms to Taiwan.

U.S. officials believe the risks with China can be contained, with neither side wanting to allow what is arguably the most important bilateral relationship in the world to veer out of control.

Still, relations are likely to get rockier before any improvement, as the Obama administration appears increasingly frustrated by Beijing's refusal to budge on a range of sensitive subjects, from Iran to currency policy to climate change. Further raising the temperature, President Barack Obama is expected to meet soon with the Dalai Lama, the Tibetan spiritual leader Beijing denounces as a separatist for his efforts to win greater autonomy for the Himalayan region.

The foreign ministry said Saturday the suspension of military exchanges would affect vice-ministerial meetings scheduled soon on security, arms control and antiproliferation. China will also impose sanctions on U.S. companies involved in the arms sales to Taiwan.

In the meeting with U.S. Ambassador Jon Huntsman, Vice Foreign Minister He Yafei said the arms package for Taiwan "constitutes a gross intervention into China's internal affairs," according to a foreign ministry statement. China is "extremely indignant," the statement said.

Beijing previously suspended military exchanges with the U.S. after George W. Bush authorized a separate weapons package for Taiwan

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# Bankers at Davos face global ire

By Marcus Walker And Emma Moody

DAVOS, Switzerland—Not so long ago, financiers ruled the roost at the glitzy annual gathering of the global economic elite here in the Swiss Alps. At this year's gathering of the World Economic Forum, which ended Sunday, the unofficial theme seemed to be "First, kill all the bankers."

The ire directed at bankers from all sides was palpable, acknowledged Donald Moore, chairman of **Morgan Stanley** in Europe, as he stood alone reading some charts amidst the hubbub at the forum's Global Village cafe. Asked which other groups of people have been similarly unpopular in Davos in the past, he said: "Terrorists."

The quip reflects the mounting alarm with which bankers have come to view their besieged profession—even in Davos, a usually cozy gathering.

The scorn poured on the industry at this year's get-together in the Swiss ski resort was a sign of a mounting international backlash against the financial sector. Popular anger about banks' role in the financial crisis, and their behavior in its aftermath, has spilled over to the world's elite business executives, politicians and regulators. Since gathering here Wednesday, they aimed sometimes bitter recriminations at the tainted masters of the banking universe.

"I think that the relationship between government and banks has changed irreversibly," said Peter Sands, group chief executive of **Standard Chartered** PLC and a co-chair of the Davos meeting. "I think the banks have not helped themselves at all. We have been tone deaf, and shot ourselves in the foot," he said, adding, "We all need a little humility."

### At the forum


- Google's CEO takes aim at Chinese censorship ..... 4
- Developing countries expected to lead recovery ... 4


Such servings of humble pie are just a taste of a political atmosphere that has turned poisonous for banks. Many bankers kept a low profile, preferring private meetings to appearances on discussion panels. Under rising pressure, some bankers even turned on their peers.

On the fringes of one of the many showy events that host the real business of Davos, a senior London-based investment banker offered this wager: Lloyd Blankfein, CEO of **Goldman Sachs Group** Inc., would be out within two years, he said, and he was prepared to back up his bet with millions of pounds.

Mr. Blankfein wasn't the only target of antibanker anger. But he presides over the world's most successful investment bank. Goldman has emerged from the financial crisis stronger than ever. And Mr. Blankfein has been among the most outspoken public defenders of banks and he has paid his bankers well, though the level of bonuses was cut in the last round.

Asked about the wager over Mr. Blankfein, Goldman

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# PAGE TWO

## What's News—

* * *

*Business & Finance*

■ **Toyota received clearance** from U.S. regulators for a repair to sticky accelerator pedals that caused the company to recall 2.3 million vehicles, and will make an announcement as early as Monday morning about the fix, as CEO Toyoda apologized to customers. Dealers in the U.S. said they were starting to feel the pinch. **3, 26**

■ **The U.S. stock market looks** as if it is in line for a period of ragged, possibly disappointing, performance, a growing number of analysts say. **21**

■ **The U.S. economy grew** at its fastest pace in six years in the fourth quarter, rising at a 5.7% yearly rate over the previous quarter, driven by slower inventory liquidation. **10**

■ **Hynix received no bids** for a $3 billion stake by a Friday deadline, testing South Korea's commitment to privatizing key industries. **22**

■ **Samsung Electronics reported** a quarterly profit and said it will aim for strong sales growth in TVs and cellphones in 2010. **22**

■ **MGM Mirage is preparing** to sell its stake in the Borgata casino in Atlantic City to appease New Jersey regulators, who disapprove of the firm's partner in Macau. **24**

■ **Amazon.com stopped selling** print and e-book titles published by Macmillan in a battle over e-book pricing, Macmillan said. **23**

■ **Apple's new iPad** has the potential to be both a blessing and a curse to the growing ranks of companies that have developed applications for the iPhone. **18**

■ **India's central bank tightened** monetary policy but left key interest rates unchanged, a sign policymakers are trying to curb inflation without derailing one of the fast-growing economies. **6**

■ **Asian IPOs are** increasingly getting hurt by weak market sentiment and aversion to risk, but bankers say IPOs will continue. **27**

■ **Toshiba narrowed its net loss** in the latest quarter as the memory-chip business recovered. **24**

■ **Profits rebounded** at Japanese financial institutions in the first nine months of the financial year as markets have bounced back. **28**

■ **Chevron's quarterly profit** fell 37% due to losses in its refining-and-marketing business, a segment the oil company said will continue to struggle. **23**

■ **Fannie Mae and Freddie Mac** are seeking to force banks to repurchase loans found to contain improper documentation. **29**

■ **CME Group has emerged** as the leading contender to buy Dow Jones's index business, but the talks hit a snag after Dow Jones pressed for new deal terms. **29**

* * *

*World-Wide*

■ **Pakistani officials** are investigating reports that the leader of the Taliban in Pakistan died from wounds sustained in a U.S. airstrike in mid-January. **7**

■ **Haiti plans to open** some of its schools Monday for the first time since the Jan. 12 earthquake, but many will long remain closed. **11**

■ **The U.N.'s top representative** to Afghanistan said he met with Taliban officials in January, amid heightened efforts to find a diplomatic solution to the conflict. The Taliban denied the report. **8**

■ **The U.S. stepped up its pitch** to push through construction of a military facility in Okinawa as Japanese leaders pledged to boost efforts to solve the debate. **6**

■ **U.N. Secretary-General Ban** will send a special envoy to North Korea next week, amid international efforts to bring Pyongyang back into disarmament talks.

■ **Yemen's government rejected** a cease-fire offer from rebels in the north and issued a fresh demand calling on the militants to pledge not to attack Saudi Arabia.

Associated Press

A man holding his grandson stands in front of his destroyed house in Suining city, in China's Sichuan province after a 5.2-magnitude earthquake struck the region early Sunday. One person was killed, 12 were injured and more than 200 houses were damaged or destroyed. More than 2,000 people in the area were relocated, the Xinhua news agency reported.

## ONLINE TODAY

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2. Google Takes Aim at Beijing Censorship
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"In many cases, selling the innovation is far more important than the innovation itself."

**Mahesh Murthy**

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"It's wonderful to have somebody out there that's close to you that you know is watching, that you're able to really put a face to the audience."

**Scarlett Johansson**

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WORLD NEWS

# Toyota gas-pedal fix clears in U.S.

By Kate Linebaugh

DETROIT—**Toyota Motor** Corp. received clearance from U.S. regulators for a repair to sticky accelerator pedals that caused the company to recall 2.3 million vehicles, and it will make an announcement as early as Monday morning about the fix, according to people briefed on the plan.

Toyota plans to ship the repair parts to dealers by Feb. 8, when the company will also resume production of the eight models affected by last week's recall, two people who have been informed of the plan said. The replacement parts could possibly come late this week, one of the people said. Toyota still could make changes to the plans, they said.

Toyota spokesman Brian Lyons declined to comment on the specifics of what the company plans to do, but said it will make a "major announcement" on its deployment plans sometime next week.

On Saturday, French auto maker **PSA Peugeot Citroën** SA said it was recalling some models of its vehicles produced in a Czech plant it shares with Toyota. A spokesman for the company said the recall, which affects the Peugeot 107 and Citroën C1, will involve fewer than 100,000 vehicles, or less than 10% of those vehicle models that are on the road.

Toyota Friday recalled up to 1.8 million vehicles in Europe. And earlier in the week, **Ford Motor** Co. halted production of one model in China that uses the same part.

The solution to the sticky accelerator pedal could allow Toyota to resume sales of eight vehicle models halted Tuesday following the Japanese auto maker's announcement that it was recalling the cars and trucks over concerns that a sticky gas pedal could endanger drivers. Sales of more than half of Toyota's line-up of cars and trucks including the popular Camry and Corolla models have been frozen until the company can get a repair in order.

This recall came as the company is trying to resolve consumer concerns of sudden acceleration in Toyota's products. In a recall late last year involving 5.4 million vehicles, Toyota said entrapment of the gas pedal by floor mats was the cause of unwanted acceleration that in some cases has been fatal. In November the company announced a series of measures to rectify the pedal entrapment issue including trimming the gas pedals, changing the floor pan, and installing a new brake over-ride system in the vehicles. The brake over-ride system will be installed in all newly produced Toyota vehicles by the end of the year.

## Accelerating issues


- Toyota is unable to hit the brakes on crisis ..... 26
- U.S. safety agency's potency is questioned ..... 26
- How lean manufacturing approaches can backfire ..... 26


Toyota President Akio Toyoda apologized to customers for the anxiety the company has caused them. "I feel very sorry that we have caused our customers unease. We are now working to grasp the facts so that we can deliver an explanation as quickly as possible," he said in an interview Friday with Japanese broadcaster NHK.

A U.S. Congressional panel is probing why several years elapsed after the National Highway Traffic Safety Administration started to get complaints about runaway Toyotas before the Japanese auto maker took action. The House Energy and Commerce Committee has scheduled a Feb. 25 hearing on the matter.

Production at five North American plants is also slated to resume Feb. 8 after a one-week shutdown starting Monday. Newly produced gas pedals assembled by **CTS** Corp., the supplier of the faulty pedals, are being shipped to Toyota's plants and will be installed in cars and trucks when production restarts.

Elkhart, Ind.-based CTS said Friday that the sticky accelerator pedals shouldn't "be linked with any sudden unintended acceleration incidents." The company said it isn't aware of any accidents and injuries caused by the rare slow return pedal condition. CTS has also stated that it employs Toyota's design in the production of the pedals.

The repair that U.S. regulators cleared is a "selective spacer," or shim, that would be inserted into the gas-pedal assembly to increase tension within the pedal to prevent the accelerator from remaining in a depressed position. Toyota has told dealers that it can produce as many as 120,000 of the shims a day.

The comments to NHK were Mr. Toyoda's first public remarks since the company said it was suspending sales of the models in the U.S.

The 53-year-old grandson of Toyota's founder has taken an extremely low media profile since taking the helm last June, but he attended the World Economic Forum in Davos, Switzerland, last week for the annual gathering of business leaders.

Corporate headquarters in Toyota City, Japan, was silent last week, though part of the reason is that the recall hasn't affected any cars sold in Japan. A spokesman for Toyota in Tokyo said headquarters was communicating with subsidiaries and trying to find a solution.

*—Mariko Sanchanta and Sebastian Moffett contributed to this article.*

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WORLD NEWS: WORLD ECONOMIC FORUM

# Emerging nations take center stage

*Leaders in Davos say developing economies will lead global growth amid concerns about advanced countries*

By Emma Moody and Marcus Walker

DAVOS, Switzerland—The business and government leaders who gathered here in recent days are pinning high hopes on developing countries to keep the world economy growing, amid widespread worry about the strength of recovery in advanced economies.

Most people at the World Economic Forum meeting, an elite annual jamboree for top executives and officials, expected Western Europe and Japan to grow at a feeble pace, thanks to high public debt, overcapacity in industry and other problems.

The year ahead "is going to be a better year than 2009, but still not the year we were hoping for," said Carlos Ghosn, chief executive of car makers **Renault** SA in France and **Nissan Motor** Co. in Japan.

Many participants also weren't convinced that the U.S. recovery is bouncing back just yet, despite the fast pace of economic growth posted in the fourth quarter.

Lawrence Summers, head of the National Economic Council at the White House, said the U.S. is in "a statistical recovery and a human recession." He said far more Americans are out of work than official unemployment statistics show.

In contrast, businesspeople and officials from major emerging economies exuded confidence, showing how fortunes have shifted in the global economy thanks to the financial crisis.

A often-heard view at this Swiss ski resort in recent days: The financial weaknesses of developed economies will preoccupy the world for years to come, a reversal from the 1980s and 1990s, when the financial problems of developing countries were the big concern in the global economy.

Brazilian finance minister Guido Mantega, for example, drew one of the brightest pictures of any major economy represented in Davos, saying Brazil's growth is strong enough for the government to remove some stimulus measures already.

"The Brazilian economy is undergoing growth which is sustainable growth and is not going to generate inflation," Mr. Mantega told a news conference.

**Many executives said they expect to rely on fast-developing markets such as India, China and Brazil to achieve most of the growth in their business.**

Few people from Western countries could say the same. "It seems like it's hard in many markets to find meaningful signs of recovery that are not easily traced to the stimuli that's been provided," said Duncan Niederauer, chief executive of **NYSE Euronext**.

Many executives said they expect to rely on fast-developing markets such as India, China and Brazil to achieve most of the growth in their business.

At German conglomerate **Franz Haniel** & Cie., which owns wholesale trading, logistics and other businesses around the world, business in many developing countries is growing robustly along with such countries' overall economic advances.

But finding growth in stumbling advanced economies requires searching for niches that are doing better than the average, says Haniel Chief Executive Jürgen Kluge.

Sometimes those niches are highly specialized. In Germany, for example, a Haniel unit that recycles titanium scrap is a star performer, Mr. Kluge says.

In the U.S., Haniel's Kaiser+Kraft unit's sales of office supplies do best when people are starting lots of new businesses. "So far we're not seeing it" in the present recovery, Mr. Kluge said.

Even in the big emerging countries, there could be problems ahead despite currently stellar growth rates, some warned.

China's deputy central-bank governor, Zhu Min, cautioned that the country's investment boom has created massive excess capacity in steel and other heavy industry, and said China's coming challenge would be to strengthen its consumer demand through economic restructuring.

Some executives who came to Davos thinking the recovery was getting stronger globally left with a bleaker impression.

"The definition of a pessimist is an optimist who went to Davos," said **Nestlé** SA's chief executive Paul Bulcke, quoting a quip that did the rounds here.

# Google takes aim at Beijing censorship

By Rebecca Blumenstein And Stephen Fidler

Bloomberg News

Google's Eric Schmidt, seen Friday in Davos, addressed a cyberattack the company said originated in China.

DAVOS, Switzerland—**Google** Inc. Chief Executive Eric Schmidt defended his company's recent threat to pull out of China in some of his most extensive comments on the controversial move.

"We like what China is doing in terms of growth ... we just don't like censorship," Mr. Schmidt said, speaking at the World Economic Forum's annual summit here. "We hope that will change and we can apply some pressure to make things better for the Chinese people."

Mr. Schmidt's comments brought into the open a debate that bubbled up in private conversations at Davos all last week—concerns about growing tensions in the relationship between the U.S. and China.

Since Google's move earlier this year, the governments of both countries have been deadlocked in a war of words. The U.S. has threatened to file a formal complaint against China to press it to investigate Google's allegations that it had suffered a sweeping cyberattack that originated in China. But the U.S. hasn't yet followed through on the threat. China has hit back though its state media, which have dismissed the allegations as part of an "ideology war."

Some China observers worry that relations have sunk to their worst level in years, complicated by the Google issue, continued disagreements over China's role in the Copenhagen climate talks, and tensions over trade and economic issues like China's currency.

Many in the business community are also concerned about increasing cyber security threats. The attacks on the Google network also raise a bigger question: the security of the "cloud"—where governments, companies and individuals store an increasing amount of data on Google's and others' remote databases.

Those concerns have been heightened by Google's move to go public with its objections after it investigated the breach of its network. The attack targeted as many as 34 different companies or other entities, according to two people familiar with the investigation, which has been under way for weeks. Most of the other companies haven't come forward.

Li Keqiang, the vice premier of China, didn't address the Google case during a speech at Davos last week. Business executives said that during a private session, Mr. Li emphasized the importance of following China's rules. The Chinese government has repeatedly defended its handling of the Internet, and has rejected accusations that China is responsible for cyberattacks against foreign entities.

One senior executive at a U.S. technology company said that as more valuable data migrate online, the cloud will become like "Fort Knox" and will need security to match. This was, he said, a public policy issue for governments.

U.S. Rep. Barney Frank (D., Mass.) agreed during a panel last week that the issue would demand increasing resources. "I know we need to deal with cyber security," Mr. Frank said.

Mr. Schmidt maintained Friday that Google wants to continue operating in China. But he said the company didn't want to do so if it had to operate under China's censorship laws. To operate its Web site, Google.cn in China, Google had to agree to censor its results.

"We would very much like to stay in China. We would very much like the censorship we oppose to improve in China," Mr. Schmidt replied. Yet one Chinese participant said that Google's move had likely ended its business prospects in the country, where the company held a 30% market share.

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## WORLD NEWS: ASIA

# U.S. pushes for new base

*Japanese leaders set date for solving debate around military facility*

By Yuka Hayashi

TOKYO—The U.S. stepped up its pitch to push through construction of a controversial new military facility in Okinawa Friday, as Japanese leaders pledged to redouble their effort to solve the thorny bilateral debate on bases by the end of May. Yet, a wide gap seemed to remain between both sides on the issue.

John Roos, U.S. ambassador to Japan, said in a speech in Tokyo Friday that the U.S. is ready to take various steps to make its military presence more palatable to people in Okinawa, such as reducing noise or using the latest green technology to make its bases more environmentally friendly. Washington and Tokyo, he added, can also work together to help spur economic development on the island by taking advantage of its young and growing population and its strategic location close to the rest of Asia.

Repeating remarks of other senior U.S. officials, however, Mr. Roos said an existing bilateral accord on realignment of U.S. forces in Japan is the best option for reducing the burden on Okinawa. The ambassador emphasized the difficulty in finding a new site for relocating facilities from the Marine Air Station Futenma, a helicopter base located in a crowded area of the island.

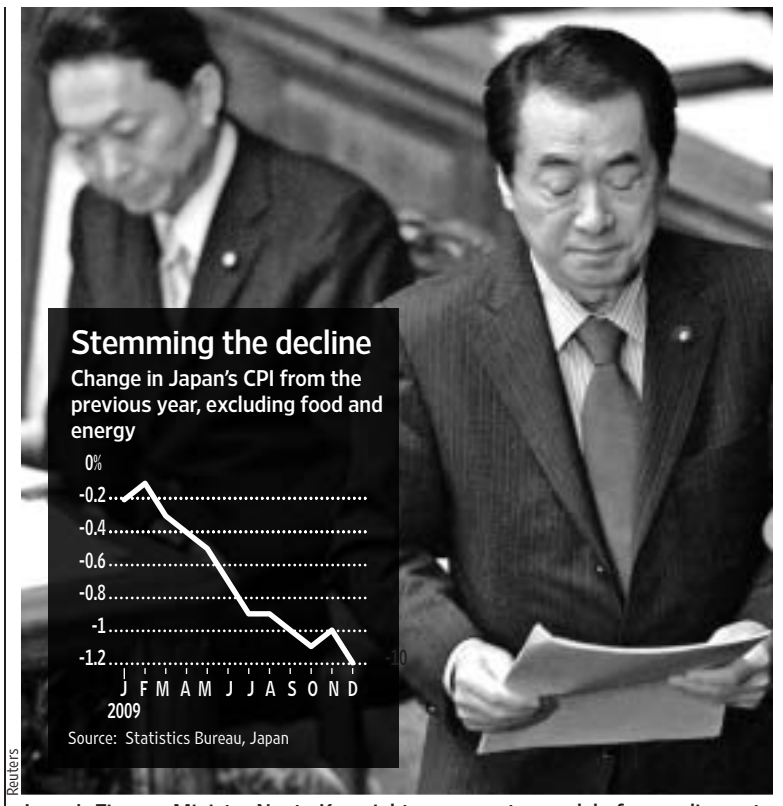
"Okinawa is becoming not less but more important for defense of Japan and maintaining peace in this region," Mr. Roos said in a speech at Tokyo's Waseda University. "The U.S. is mindful of Okinawa's historic experience and recognizes the needs to balance the concerns of the people of Okinawa against the island's strategic importance."

In an effort to make bilateral ties more "equal," Prime Minister Yukio Hatoyama has pledged to review the existence of U.S. forces in Okinawa. The island, which was controlled by the U.S. for nearly three decades after World War II, represents 0.5% of Japan's land mass but hosts 75% of the bases used by the U.S. forces in Japan.

Mr. Hatoyama, in a policy speech to parliament Friday, stressed that the Japanese government will accelerate discussions about the relocation site for the Futenma facilities and make a decision by the end of May. A goal will be to reduce the burden on the people of Okinawa, while keeping Japan's security alliance with the U.S. its core essence, he said.

Mr. Hatoyama's speech came a day after he said his government would find a way to reduce the U.S. military presence in heavily populated parts of Okinawa, despite the difficulty in finding an alternative site. The 2006 bilateral accord calls for closing Futenma and building a new facility on the coast of the rural town of Nago in northern Okinawa.

But the relocation plan faces growing local opposition and became even more difficult when a candidate opposing the new facility won a mayoral election in Nago on Jan. 24.




Reuters

Japan's Finance Minister Naoto Kan, right, prepares to speak before parliament on Friday as Prime Minister Yukio Hatoyama looks on.

# India bank tightens its policy

India's central bank tightened monetary policy, but left key interest rates unchanged, a sign that policy makers are trying to curb inflation without derailing this fast-growing economy.

*By **Subhadip Sircar** and **Anant Vijay Kala** in Mumbai*

The Reserve Bank of India, following in China's footsteps, chose to drain excess cash from the banking system but shied away from raising rates, which would have increased funding costs for companies and slowed a nascent recovery.

Across Asia, policy makers traditionally have waited for the U.S. Federal Reserve to act before tightening or loosening their own monetary policy. But this time, Asia can't wait. The Fed isn't likely to significantly tighten money supply until later this year, even as growth in Asia has picked up, pushing prices higher. The mismatch has the potential to drive up local currencies.

Since the region's most influential economy, China, pegs its currency to the U.S. dollar, its neighbors risk making their exporters less competitive against Beijing's when they raise their interest rates and their currencies appreciate. Stronger currencies make export goods more expensive on the world market. As a result, policy makers might be kept from raising rates as high or quickly as they otherwise should.

On Thursday, the Philippine central bank kept its benchmark rate unchanged, but tweaked a separate lending facility and signaled that its tightening cycle has begun. Malaysia's central bank on Tuesday also kept rates steady, and warned of "financial imbalances that could arise from interest rates being too low for a prolonged period of time."

India's decision to raise a key cash-reserve requirement for banks was anticipated by the market, but the size—three-quarters of a point, to 5.75%— was larger than the half-percentage-point shift many analysts expected. The central bank also raised its economic-growth outlook for the fiscal year ending March, to 7.5% from 6%.

"Strong anti-inflationary measures, while addressing one problem, may precipitate another by undermining the recovery, particularly by deterring private investment and consumer spending," the RBI said in its monetary-policy review for the October-December quarter.

"Though the inflationary pressures in the domestic economy stem predominately from the supply side, the consolidating recovery increases the risks of these pressures spilling over into a wider inflationary process," the RBI said in its statement accompanying the rate decision.

### Heard on the Street

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# Falling prices keep Japan policy steady

By Takashi Nakamichi

TOKYO—Japanese consumer price data Friday made clear that deflation is continuing to eat away at the world's second-largest economy, keeping pressure on the country's central bank to maintain its easy monetary-policy stance.

Other data released Friday paint a picture of a shaky economy with a recovery that is being undermined by weak private demand and, consequently, falling prices. For the Bank of Japan, which recently declared it won't tolerate deflation, the price declines compel it to keep policy relaxed and to take further steps if economic conditions worsen.

The January consumer price index for Tokyo, considered a leading indicator of nationwide price trends, fell a preliminary 2% from the same month a year earlier, data from the Ministry of Internal Affairs and Communications showed. The reading was worse than the 1.8% drop expected by economists.

The global economic crisis has made deflation worse in Japan by sapping private demand. General price decreases push down growth by making consumers hold off from making purchases on expectations that goods and services will become cheaper still, and by increasing the real debt burden of companies and individuals alike.

The Democratic Party of Japan-led government, which has been in power for four months, could face tough going in this summer's election for the Upper House of parliament from the economic doldrums.

A nationwide CPI reading from December that is thought to better reflect overall trends by excluding food and energy prices, fell 1.2% from the previous—the sharpest drop since comparable figures became available in January 1971.

BOJ Gov. Masaaki Shirakawa said in a speech Friday that while the BOJ is ready to act "swiftly and decisively" if financial markets become unstable again, BOJ funding action isn't a guaranteed cure for falling prices.

## IN BRIEF

### Let the traveling begin

Agence France-Presse

A passenger writes 'going home' in Chinese on the window of a train before it leaves the station Sunday in Hangzhou, China. Saturday marked the start of China's annual pickup in transportation ahead of the Lunar New Year holiday.

### Arms seized in Thailand last month were Iran-bound

UNITED NATIONS—A shipment of weapons from North Korea seized by Thai authorities last month was headed for Iran, according to a confidential report the Thai government sent to a U.N. Security Council committee.

Thai authorities seized more than 35 tons of arms from a cargo plane they said had come from North Korea, and arrested its five crew members after the aircraft made an emergency landing at a Bangkok airport in December.

The report to the Security Council's North Korea sanctions committee, seen by Reuters on Saturday, said the shipment included rockets, fuses, rocket launchers and rocket-propelled grenades.

The movement of North Korean arms to Iran appears to have been an effort to violate U.N. sanctions against North Korea that was foiled by the Thai government, diplomats said. Although Iran is subject to separate U.N. sanctions because of its nuclear program, it isn't forbidden from importing arms. Council diplomats said the sanctions committee was expected to discuss the Thai report next month when it considers its latest quarterly report, due Feb. 11.

### Cambodian troops kill Thai soldier in border clash

PHNOM PENH, Cambodia—Cambodia reported Saturday its troops killed one Thai soldier in the latest border clash between the militaries.

Khuy Sokha, governor of western Pursat province, said troops fought for about 15 minutes late Friday after about 20 Thai soldiers crossed into Cambodian territory and refused to leave.

Cambodian Defense Ministry spokesman Lt. Gen. Chhum Socheat said one Thai soldier was killed, with Cambodian troops firing AK-47 assault rifles and B-40 rocket-propelled grenades.

Thai officials weren't available for comment.

Cambodia's relations with Thailand deteriorated two years ago, when nationalistic public opinion forced Bangkok to withdraw its support for a Cambodian application to designate a famous border temple a U.N. World Heritage site.

The issue sparked renewed interest in some small tracts of disputed territory near the Preah Vihear temple, and the two countries' soldiers since then have clashed several times.

# Taliban leader death reports are checked

By Zahid Hussain

ISLAMABAD—Pakistan is investigating reports that the leader of the Taliban in the country died from wounds sustained in mid-January in an airstrike carried out by a U.S. drone aircraft, Pakistani officials said Sunday.

Rumors of Hakimullah Mehsud's death have been swirling for days, and officials had been largely dismissive of the reports. But on Sunday, state-owned Pakistan Television Corp., citing unnamed officials, said Mr. Mehsud had succumbed to wounds sustained in the Jan. 15 airstrike and was recently buried in one of the Taliban-dominated tribal areas that border Afghanistan. The report didn't say when he died.

Maj. Gen. Athar Abbas, chief spokesman for Pakistan's military, said authorities couldn't confirm whether Mr. Mehsud was alive or dead. "We are checking the veracity of the reports of death," he said.

A U.S. official in the region said the Americans, too, were uncertain about Mr. Mehsud's fate. "We've heard all the same rumors," the official said. U.S. intelligence agencies are investigating the reports, according to officials in Washington.

The Jan. 15 missile strike that may have killed Mr. Mehsud hit a compound in a village on the border between South Waziristan and the North Waziristan tribal area.

**Mr. Mehsud also faced an onslaught from Pakistan's army in his home base, South Waziristan.**

In its immediate aftermath, militants insisted Mr. Mehsud had left the compound minutes before the strike. He subsequently released audio messages denying he was anywhere near the attack. But his messages failed to quell rumors that he had been seriously wounded.

If the latest reports of his demise prove true, it would be the second time in six months that American missiles have slain the leader of the Pakistan Taliban; Mr. Mehsud's predecessor Baitullah Mehsud, who wasn't a relation, was killed in August by a U.S. drone.

Sunday's report wasn't the first time Hakimullah Mehsud, who is in his late 20s or early 30s, was said to have died. For almost two months after he was named the leader of the Pakistan Taliban, an offshoot of the Afghan movement, Pakistani and U.S. officials insisted he had been killed in a power struggle for control of the group. The rumors didn't stop until he held a press conference in early October.

Mr. Mehsud has since gone on to order a series of terror attacks on Pakistan's major cities. But he has also faced an onslaught from Pakistan's army in his home base, the South Waziristan tribal area.

At the same time, U.S. attempts to kill with missile strikes increased after the release in January of a video showing him with the al Qaeda double agent who blew himself up at an American base in eastern Afghanistan in late December, killing seven agents and contractors for the Central Intelligence Agency.

*—Matthew Rosenberg in New Delhi contributed to this article.*

Reuters

Pakistan Taliban commander Hakimullah Mehsud, left, shown at a 2008 press conference, is said to have died from injuries he received in an airstrike.


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Afghan soldiers stand before a building damaged Friday in a gun battle in Helmand province. Reuters

# U.N.'s Afghan envoy met Taliban

*Kai Eide reached out to the enemy, but allies differ over peace-talk plans; militants deny meeting took place*

The United Nations' top representative to Afghanistan says he met with Taliban officials earlier this month, amid heightened efforts to find a diplomatic solution to the eight-year-old conflict, a U.N. official said.

*By **Alan Cullison**, **Jay Solomon** And **Matthew Rosenberg***

Diplomats declined to say how senior the Taliban officials were, however, and said the overture by Kai Eide, who steps down as the U.N.'s envoy to Afghanistan in March, appears to have been his alone.

The Taliban denied the meeting took place, saying in a statement from its ruling council Saturday that the report was made up of "futile and baseless rumors."

The West has been pushing Afghan President Hamid Karzai to help build a comprehensive plan to persuade rank-and-file Taliban fighters to lay down their arms. On Thursday, Afghanistan and foreign allies said they had raised $140 million to set up a fund to help reintegrate insurgents into Afghan society.

But the Afghan government and its various sponsors have sometimes been at odds over how to pursue reconciliation—essentially, peace talks—with top militant leaders. Mr. Karzai has repeatedly tried to jumpstart talks with the Taliban, but the reaction from the insurgency's top leadership has ranged from aloof to dismissive. U.S. officials don't want to appear too eager to pursue a deal, and say Islamist leaders will likely be more compliant if a troop surge this year reverses recent battlefield gains by Taliban militants. And the U.S. says they'll only support talks with Taliban leaders if they renounce their terrorist links.

Mr. Eide, head of the U.N.'s mission to Afghanistan since March 2008, has criticized the coalition policy toward Afghanistan as overly militarized. He has had a testy relationship with Washington's point man on Afghanistan, Richard Holbrooke, according to U.S. officials.

Senior U.S. officials said they were given no advance notice of Mr. Eide's meeting with Taliban representatives. Secretary of State Hillary Clinton said her staff had been briefed on Mr. Eide's meeting only afterwards, and she didn't indicate American support for the dialogue.

"He wanted to test for himself and get his own conclusion about the mindset of some of the Taliban members," Mrs. Clinton said Friday, en route to Paris. Mr. Eide, she added, "is not going to be part of our efforts going forward."

Mrs. Clinton said Mr. Eide wanted to get a reading on the Taliban leadership before international backers of the Afghan government converged in London for a conference Thursday. At the conference, "I think he wanted to offer his personal views about what he assessed," she said.

Mr. Eide stressed the importance of political reconciliation in Afghanistan during press appearances at the London conference. He didn't, however, outline his own meeting with the Taliban earlier this month.

Attempts to reach Mr. Eide were unsuccessful Friday. Mr. Eide "will never comment on any meeting of this sort," said Dan McNorton, spokesman for the U.N. in Kabul. "It is the Afghanistan government who are and will lead all efforts to bring peace and stability to this country. As always, the U.N. stands ready to assist in this process in any way that we can."

The Reuters news agency first reported Mr. Eide's meeting with the Taliban. The agency reported that the meeting took place earlier this month, after Mr. Eide gave his final address to the U.N. Security Council on Jan. 6 in New York.

In the address, Mr. Eide blasted the Obama administration's Afghan policy, warning that an excessive reliance on a military solution risked failure in Afghanistan. He called for increased investment in Afghanistan's civilian institutions, its military and its economy.

Mr. Eide has had a tumultuous tenure as the U.N.'s special representative to Afghanistan. Last summer, he clashed with his deputy, U.S. diplomat Peter Galbraith, over the U.N.'s handling of the Afghan presidential elections. Mr. Galbraith accused Mr. Eide of being too easy on the Afghan president.

Mr. Karzai has at times appeared testy toward Western overtures to the Taliban. In London, he called on Pakistan and Saudi Arabia to take a lead role in the peace process. Some Western diplomats say Mr. Karzai's faith in the Saudis is misplaced, and that Saudi Arabia has little influence over the Quetta Shura, the overall Taliban leadership council headed by Mullah Omar, which U.S. officials say is based in Pakistan.

A U.N. official close to the matter said the U.N. informed Mr. Karzai of Mr. Eide's meeting with Taliban officials. Still, word of the meeting wasn't widespread, even within the Afghan government.

*—Joe Lauria at the U.N. contributed to this article.*

# Troops quash militant attack in Helmand

By Habib Zahori

KABUL—International and Afghan troops stamped out a Taliban attack in the center of the Helmand provincial capital, in a daylong battle described by NATO officials as an example of the increasing effectiveness of Afghan security forces.

The attack on the city of Lashkar Gah began Friday morning, when five gunmen entered the city center wearing suicide vests and disguised as Afghan policemen, said Daoud Ahmadi, a spokesman for the provincial government.

The men made their way to a vacant building overlooking the governor's office and a barracks of the Afghan National Army. At about 10 a.m. they opened fire at the barracks with small arms and rocket-propelled grenades, North Atlantic Treaty Organization officials said.

Mr. Ahmadi said coalition forces had been warned of an attack and were quick to dispatch a team of Afghan and NATO troops to pin down the attackers.

Two of the militants blew themselves up inside the building, and the rest were shot dead, Mr. Ahmadi said. Five Afghan soldiers were wounded.

The fighting lasted eight hours, he said. Local officials said no civilians were harmed, although one eyewitness reached by phone said two passersby had been killed in the crossfire.

"We were receiving intelligence that the enemy was planning to attack some government buildings," Mr. Ahmadi said. "So we were ready to prevent them from harming our people."

Thousands of U.S. forces are massing for a coming offensive in Helmand, one of the country's most violent regions.

Taliban spokesman Qari Yousef Ahmadi claimed responsibility for Friday's attack, saying the Taliban had dispatched a team of seven gunmen in suicide vests to attack the local branch of the U.N. mission in Afghanistan and a guesthouse used by government officials.

The attack Friday resembled a Taliban foray into central Kabul two weeks ago, when Taliban gunmen in suicide vests sought to strike government buildings and a hotel favored by foreigners. That attack appeared to be an effort by the Taliban to demonstrate an ability to strike anywhere in the country.

International and Afghan officials praised the response to the Kabul attack, in which Afghan commandos pinned down the gunmen in a four-story building.

*—Alan Cullison contributed to this article.*

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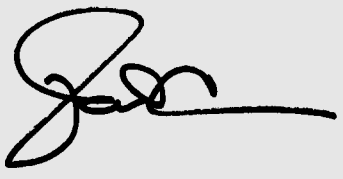

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WORLD NEWS: U.S.

# Economy picks up, hits 6-year high

*At 5.7%, pace unlikely to continue, as stabilizing inventories fueled gains and employers remained slow to hire*

By Justin Lahart

The U.S. economy grew at its fastest pace in six years in the last three months of 2009, expanding at a 5.7% yearly rate over the previous quarter, as businesses drew less from their stockrooms and stepped up purchases of equipment and software. Exports surged and consumers spent more.

But the pace of the recovery is unlikely to continue as strongly once the temporary jolt from the inventory drawdown passes and government stimulus fades, keeping unemployment high through the end of the year.

"You get a one-off boost, but that's not going to be repeated in the first quarter," said Michael Carey, chief economist at Calyon Securities in New York.

Of the 5.7% rise in gross domestic product, 3.4 percentage points came from businesses shrinking inventories more slowly than in the previous quarter. That's a plus for economic growth: When businesses pull fewer goods from warehouses, they have to produce more. Total inventories fell at an annual rate of $33.5 billion in the fourth quarter, compared with a $139.2 billion reduction in the previous quarter.

In Washington, reaction was subdued as policy makers focused on the high unemployment rate. "We need to be vigilant that this increase in GDP translates into an immediate increase in jobs," said Rep. Caroline Maloney, the New York Democrat who chairs the Joint Economic Committee.

Manufacturers and distributors are benefiting from the inventory-related bounce. But they are treating it cautiously and don't seem to be in a rush to hire.

"I'm not seeing much of a recovery right now," said Clint Binley, president of Pallets Inc., a maker of wooden pallets in Fort Edward, N.Y. Orders have picked up, said Mr. Binley, but rather than hiring more workers, he has increased hours. He said he didn't foresee hiring anyone this year.

Collings Guitars Inc., a maker of acoustic guitars and other instruments in Austin, Texas, has seen an inventory-related uptick in orders. Hit during the downturn, many guitar shops cut the number of instruments they had on hand, and Collings saw orders drop. Now stores are restocking, and orders are bouncing back.

"I can't just ramp things up to meet that," said general manager Steve McCreary.

After logging fewer hours last year, Collings 66-employee work force is spending more time on the clock. Mr. McCreary is also looking to add a few people.

The U.S. economy began contracting in the first quarter of 2008. It eked out a bit of growth in the second quarter of that year and then contracted sharply over the ensuing four quarters until growth returned at a 2.2.% annual rate in the third quarter of 2009. Even after the fourth-quarter gain, GDP remained 1.9% below its peak 2008 level.

**After inventories, an increase in consumer spending was the largest contributor to GDP growth.**

After inventories, an increase in consumer spending was the largest contributor to GDP growth in the fourth quarter. Consumer spending grew at a 2% annual rate, the Commerce Department said. That was down from the third-quarter, when spending grew at a 2.8% rate, boosted by auto sales related to the government's cash-for-clunkers program.

Sales of goods besides autos grew at a faster clip than in the third quarter. That suggests households are spending more freely, said Barclays Capital economist Dean Maki.

"That is likely because wage and salary income is improving," he said. "Consumers are spending the additional money."

The Labor Department said Friday that wages and salaries of U.S. civilian workers rose a seasonally adjusted 0.5% in the fourth quarter. That was the largest increase in over a year, but was muted by historical standards.

Separately, the Reuters/University of Michigan consumer sentiment index rose to 74.4 for January from 72.5 in December. That was up from a low of 56.3 last February, reflecting improved confidence among households. But it was still well below its levels prior to the recession's start in December 2007.

"I tend to watch what I'm buying a bit more," says Wade Walter, 34, of Jacksonville, Fla., who works the deli counter at a Costco, the big-box discounter. "I'm not just buying DVDs or games or going out as much as I used to. I don't want to say I'm buckling down, but I put my money into things that are more worth it, or put it in the bank."

Lost wealth and tight credit are keeping household spending in check. This suggests Americans are likely to increase their spending only once companies step up hiring and wages. That leaves the recovery more dependent on firms' confidence than in past upturns, when increases in consumer spending helped lead recoveries.

One sign from the GDP report of improved confidence at companies was an annualized 13.3% increase in spending on equipment and software—the biggest gain in nearly four years. In the past, rises in capital spending have tended to signal an increased willingness to hire.

When it reported results for its most recent quarter on Wednesday, Rockwell Automation Inc., a producer of factory-automation equipment and software, said it expected revenue of $4.4 billion to $4.6 billion for its fiscal year ending in September, better than the $4.1 billion to $4.4 billion it previously forecast.

"We believe we are at the start of a recovery," said Rockwell Chief Executive Keith Nosbusch. "Our goal is to be very successful as it returns." But the company is cautious, and has increased hiring only slightly despite its expectation for better sales.

# U.S. bets on overseas consumers for growth

By Justin Lahart

U.S. companies and President Barack Obama himself are betting on consumers in other countries as Americans hold tight to their purse strings.

**Harley-Davidson** Inc., for one, plans to start selling 12 high-end motorcycles in India this year as part of a broader effort to lift its presence overseas after seeing its U.S. sales buckle in the recession.

**General Electric** Co., which already makes more money abroad than domestically, isn't selling as many health-care scanners and locomotives in the U.S. as it once did—so it is focusing efforts in the last two years to land large orders in foreign markets.

GE Chief Executive Jeffrey Immelt talks about restoring manufacturing jobs and exports in America. He calls India a centerpiece of growth. In January, GE reaped fruits of its efforts with an order from Cosan, a Brazilian sugar processor, for 50 Pennsylvania-made locomotives.

**Corning** Inc., a large maker of liquid-crystal-display glass for flat-screen televisions and computers, as well as optical fiber, anticipates that more than 70% of growth in the LCD TV business will come from China and other emerging markets this year.

"For this year in the developed economies, we're looking for a mild recovery—I'll call it a lazy L," says Corning Chief Financial Officer Jim Flaws, referring to the trajectory he anticipates. "In China, we're looking for much higher growth."

The worst recession in a generation hammered the spending habits of Americans, and their new affection for thrift seems to be persisting. Amid high unemployment, lost wealth and tight credit, economists at J.P. Morgan expect U.S. consumer spending to grow at an inflation-adjusted annual rate of 2.6% this year—far weaker than the recoveries that followed prior recessions.

Consumer spending rose at a 2% annual rate in the fourth quarter, down from 2.8% in the third quarter.

U.S. exports, though, grew at an annual rate of 28% in the fourth quarter, which the **National Association of Manufacturers** said is the fastest increase and the largest contribution to economic growth in 30 years. Of the 5.7% growth in the fourth quarter, trade accounted for 0.5 percentage point (exports added 1.9 points, imports subtracted 1.4 points.)

Associated Press

Harley-Davidson rider at 'The Founders Ride' in Bangalore, India, in December.

In his State of the Union address Wednesday, Mr. Obama set a goal of doubling U.S. exports over the next five years, which he said would create two million jobs.

That will be tough to achieve, says Daniel Price, a trade attorney with **Sidley Austin** and former adviser to President George W. Bush. "The laudable goal of doubling U.S. exports is only plausible if we both enhance the competitiveness of U.S. products, including by investing in technology and basic research, and pursue ambitious market-opening trade agreements," he says.

The decline in the dollar's value over the past decade makes U.S. products cheaper for consumers in other places, though recently it has begun to strengthen against other major currencies. Joe Carson, an economist at Alliance Bernstein, says strong gains in U.S. workers' productivity, or output per hour of work, are making U.S.-based manufacturers more competitive globally.

In November, U.S. goods exports represented 26% of U.S. manufacturing shipments, up from 19% five years earlier, according to Commerce Department figures.

Moreover, Mr. Carson calculates that more than half of U.S. exports now land in emerging markets. "We're selling to markets that are growing twice as fast as our economy," he says.

*—Paul Glader contributed to this article.*

WORLD NEWS

# Haiti struggles to reopen its schools

By Gina Chon

PORT-AU-PRINCE—Haiti will reopen some of the country's schools Monday for the first time since the Jan. 12 earthquake, but few are in the capital or other hard-hit areas.

No one knows how long children in those places will go without schooling. Many schools might not open until the fall, said Pierre Michel Laguerre, director general of Haiti's Education Ministry. But with an untold number of children having lost one or both parents, and almost all needing a distraction from the horrors they have witnessed, resuming school has become a priority.

"It gives those traumatized children the feeling that life is back," said Elisabeth Byrs, a United Nations spokeswoman, "and it helps."

There also is a longer-range imperative. "Haiti can't have a future without educated children," said Mr. Laguerre. "But there has been so much destruction, it's a big and unprecedented challenge for us."

The education ministry and the U.N. on Monday plan to begin assessing the state of schools in Port-au-Prince, as well as hard-hit areas south and west of the city, and areas now home to large numbers of people displaced from the city, according to Ms. Byrs.

As many as 8,000 schools that served 1.8 million children have been destroyed or damaged in the Port-au-Prince area, according to the U.N. Mr. Laguerre said all of the schools on the western side of the city were totally destroyed, while 40% in the south were severely damaged. A preliminary U.N. estimate calls for at least 4,000 temporary classrooms.

Children under 18 years old make up almost half of Haiti's population of nine million. Thousands are believed to have been orphaned. The longer orphans and other vulnerable children stay out of school, said Mr. Laguerre, the more likely they are to fall prey to misery or abuse. They could become street children, he said, or child traffickers or other adults could exploit them; for example, some adults force street children to beg for them or engage in other money-making activities.

Even for children whose parents both survived, the numerous aftershocks—some as severe as 6.1 magnitude—have kept many Haitian children in almost constant terror. And almost all are burdened with gruesome memories.

The school buildings themselves also hold traumatic memories. Many schools were in the second half of split sessions when the earthquake hit, and many surviving children escaped buildings as they crumbled or collapsed. Thousands more were trapped and killed in the buildings.

In the outdoor camps, where hundreds of thousands of homeless Haitians are living, the education ministry is considering setting up makeshift schools in tents. It is also considering ferrying teachers from place to place in vans, for areas where buildings were destroyed or rendered unsafe. Schools will also need furniture, books, uniforms, and other supplies, Mr. Laguerre said, as well as trauma counseling for the students.

National exams normally take place in June, but it is unclear whether they can be held on time this year. The ministry is trying to gradually open schools throughout the rest of the school year.

Meanwhile, ministry committees are trying to gather information on teachers and students who have died, been displaced or moved to the provinces, and to coordinate with the international community.

"We are trying to assess our needs," said Mr. Laguerre, who added he didn't have an estimate of how much the school-rebuilding effort would cost. "We need very, very much money."

Because the public school system is considered poor by many Haitians, 85% of Haiti's schools are private. Now many of those schools lack the human resources to function properly, if at all.

Mr. Laguerre said the ministry isn't distinguishing between public and private, saying the only concern is to "educate Haiti's children."

In the capital's teeming tent cities, many Haitians are still struggling to survive and so are not yet thinking about their children's education. Marcellus Belavoir, 44, said residents in his camp in the Petionville area of the city haven't discussed organizing informal classes for the kids.

Still, Mr. Belavoir said he worries about how missing school will affect his 10-year-old daughter, Maya, in the long term. When the earthquake hit, she cowered in a corner of the school playground with two friends. Mr. Belavoir came to find her, and had to break the news that her mother had died in the earthquake.

Maya is bored now, she said, and doesn't have any friends. She misses her mother and doesn't know where her classmates or teachers are. "I want to go back to school and see my friends," Maya said, "but I don't know when I'll go back."

Nathalie Brunet, 33, arrived in New York City from Haiti on Jan. 17 with her two sons, ages 7 and 9, so they could live with an aunt there and go to school. Their old school in the Petionville area of Port-au-Prince wasn't damaged, but it is unclear when it will reopen.

Her children have American citizenship because they were born in the U.S., where Ms. Brunet went to school and worked for five years. But her sons speak only Creole and French. She managed to find a bilingual private school, which she declined to name, that was willing to waive its fees and provide financial aid for her sons.

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MANAGEMENT

# Untimely death is challenge for Astra

*Indonesian company mourns loss, but CEO's legacy of shared teamwork provides 'strong bench' to move forward*

By Richard Borsuk

PT Astra International

Michael Ruslim , who died Jan. 20, was widely considered one of Indonesia's most capable managers.

For some Indonesian companies, the sudden loss of the chief executive officer would be a crippling blow. Executive power at even large firms is often concentrated in the hands of one dominant figure and, as in some parts of Southeast Asia, there is only a small pool of experienced senior management able to quickly fill a gap in the top ranks.

PT **Astra International**, Indonesia's second largest listed company by market capitalization, must quickly come to terms with the unexpected death on Jan. 20 of Michael Ruslim, its president-director, at age 56. Mr. Ruslim, who died after contracting dengue fever, was widely considered one of Indonesia's most capable managers, and helped Astra navigate internal, national and global crises, during a career that spanned almost three decades.

But some observers and outsiders are optimistic the diversified company—which has 130,000 staff—will be able to cope, in part because of moves Mr. Ruslim took to promote teamwork and develop a wider management team. Astra has "a strong bench" whose skills Mr. Ruslim worked hard to tap and enhance, says Manggi Habir, a member of PT Bank Danamon's board of commissioners who was a colleague of Mr Ruslim at Citibank Jakarta about 30 years ago. Astra—founded in 1957 by William Soeryadjaya and two brothers—started life as a trading company and became Indonesia's dominant auto-assembler after partnering with **Toyota Motor** Corp. in 1969. (Astra also has joint ventures with **Honda Motor** Co. and other auto companies.)

Today, the firm also has sizable agribusiness operations, particularly palm oil, and is also in infrastructure, information technology and banking. For the first nine months of 2009, it had sales of 70.65 trillion rupiah ($7.56 billion), a drop of 4.2% from the year-earlier period. During 2009, when Indonesia's main index rose 87%, Astra's share-price more than tripled.

Mr. Ruslim joined the firm's finance department in 1983, from Citibank Jakarta where he worked for five years after getting an industrial design degree at the University of California-Berkeley and an M.B.A. at the University of Wisconsin. During his career, Astra had an initial public offering in 1990; underwent a dramatic change of control by 1993 as the Soeryadjayas sold most of their shares to deal with a crisis at family-owned PT Bank Summa; and took a big hit from then-President Suharto's disastrous "national car" policy, in 1996, which let Kia cars imported by his son be far cheaper than the Toyotas that Astra was assembling. There were more ownership changes too, and for a time Mr. Suharto's golfing buddy, timber tycoon Bob Hasan, became Astra's chairman.

The Asian financial crisis, which began in 1997, crushed auto sales—and in May 1998, after riots in Jakarta, Mr. Suharto was forced out of power. Astra, like most sizable Indonesian companies, had to slash staff and renegotiate foreign debts. About 40% of the company ended up with the Indonesian Bank Restructuring Agency, which sold it in 2000 to a consortium led by **Cycle & Carriage** Ltd. of Singapore. (Jardine Cycle & Carriage, as the company is now called, currently owns more than 50% of Astra.)

Mr. Ruslim—who played a key role in negotiating with Astra's bankers and working with the big new shareholder—worked hard to develop his staff, say some Indonesian businesspeople who knew him. He "was able to cultivate a strong sense of bonding and shared teamwork in Astra that has stood it in very good stead," says Amol Titus, who heads a management consulting firm, IndonesiaWISE.

"He pushed change, like rotating people among businesses," says Mr. Habir, Mr. Ruslim's former Citibank colleague. "He wanted people to understand the whole company. And there's a lot more unity now." Among the crowds at memorial services for Mr. Ruslim were many Astra employees, from company drivers to executives.

Astra has appointed Prijono Sugiarto, an employee since 1990 and a director since 2001, as acting president-director. He was been responsible for all of Astra's automotive businesses outside of those with Toyota.

## The Power List

The top business leaders in Asia making headlines last week in select global and regional media. Powered by Dow Jones Factiva and edited for relevance and clarity.

### OLEG DERIPASKA

Chief Executive
UC Rusal

The aluminum giant's 42-year-old controlling shareholder blamed its post-IPO share decline in Hong Kong on weakness in global markets.

### BILL GATES

Chairman
Microsoft

Chinese state-run media trumpeted comments by Mr. Gates that played down China's Internet restrictions, which were highlighted by Google Inc.'s refusal to comply.

### AKIO TOYODA

Chief Executive
Toyota Motor

Mr. Toyoda apologized to customers following a massive recall and said the company was working to solve the problem.

### KAN TRAKULHOON

President, Chief Executive
Siam Cement

The Thai company said it will take eight to 12 months before it can comply with regulations that will allow construction of its suspended projects at Map Ta Phut industrial estate to resume.

### ROB S. FYFE

Chief Executive
Air New Zealand

The carrier will offer beds in economy class, but passengers need to buy three seats to enjoy lie-down travel.

Photos: Christie Johnston for The Wall Street Journal (Deripaska), Bloomberg News (Toyoda, Fyfe), Reuters (Gates), Bangkok Post via Agence France-Presse (Trakulhoon)

Compiled by Carlos Tejada/ The Wall Street Journal

# Standing Up for Taiwan

The Obama Administration notified Congress of a $6.4 billion package of arms sales to Taiwan Friday, and Beijing howled with predictable indignation. Far from signaling a misstep, China's threats show just how important the sale really is to regional security.

Friday's notification fulfills promises made to Taiwan under the Bush Administration. Taipei will acquire 60 Blackhawk helicopters, two Osprey anti-mining ships and 114 Patriot anti-missile systems—all defensive weapons that do little to alter the fundamental balance of military power across the Taiwan Strait, which is heavily in China's favor.

Taiwan President Ma Ying-jeou said Saturday the package helps redress that imbalance and allows Taipei to negotiate from a position of strength with China. This message comes at an important time for the democratic island, as many Taiwanese voters begin to question whether an economic pact with China may sell the island nation short.

Beijing belied its willingness to negotiate with Taiwan on an equal footing by the speed at which it lashed out at the U.S. over the sales. Vice Foreign Minister He Yafei threatened "grave consequences," and U.S. ambassador to China Jon Huntsman was summoned for a stern lecture. Over the weekend China announced a partial halt to military exchanges and sanctions against the U.S. firms involved in Taiwan arms contracts.

> U.S. arms sales help, not hurt, cross-Strait relations.

China always protests U.S. sales to Taiwan, but the latter move is a new development, and part of a pattern of China's increasingly willingness to use economic bullying to defend its "national interests." This was on display in 2008, when China canceled an economic summit with the European Union to protest French President Nicholas Sarkozy's planned meeting with the Dalai Lama. Although most U.S. weapons manufacturers do little business with China because of restriction on arms sales to the regime, companies like Boeing could be affected in their non-military dealings with China, like selling airplanes.

As China's vitriolic statements have made clear, Beijing wants the U.S. to stop selling arms to Taiwan. But that's impossible—not only because the U.S. is obligated to do so under the terms of the 1979 Taiwan Relations Act, but also because of Beijing's failure to act as a responsible stakeholder in the Asia-Pacific. China has pumped resources into its military (with double-digit growth in defense budgets every year) with next to no transparency about its defense goals. The Chinese army has shot satellites out of the sky with little concern for the debris that could threaten international space research, and the navy has picked fights with U.S. surveillance ships in the South China Sea. China's neighbors are also concerned over Beijing's aggressive stance on its claims to the disputed Paracel and Spratly islands in the South China Sea, and disagreements with Japan about resources in the East China Sea.

It's because of China's actions—and the more than 1,000 Chinese missiles aimed at Taiwan—that U.S. arms sales to Taiwan must continue. A study of Taiwan's air force capabilities is underway to help Washington determine how best to upgrade them. A logical way to do so would be to sell Taiwan the F-16s it has been requesting for years, adding to the fleet of 150 F-16s the U.S. sold Taiwan in 1992. Judging from Beijing's response, the Obama Administration would be wise to consider including those in the next arms package.

*Ma Ying-jeou*

# The Inventory Recovery

The U.S. recovery continued to gain steam in the fourth quarter, with economic growth hitting a 5.7% annual rate between October and December, according to the Commerce Department's first estimate released Friday. For this ray of sunshine, don't thank the stimulus.

This is the second straight quarter of economic growth and the fastest expansion of gross domestic product in three years. Overall government spending shrank slightly in the quarter compared to a year earlier, which means this growth came from the private sector, fueled by a slower rate of inventory depletion and a healing financial system driven by turbocharged money from the Federal Reserve.

> Business investment remains weak.

Slower inventory draw-downs in the quarter contributed 3.4% to that growth number, but a turn in the inventory cycle is normally the first sign of an economy emerging from recession. Given how deep the recent recession was, we might have hoped for an even bigger bounce. The rebuilding of inventories will likely continue to add to growth into this year, but clearly inventories can't outgrow final demand forever.

For the recovery to be sustained, businesses will have to start investing again, and faster than the 2.9% annual rate of last quarter, which remains relatively weak for this point in a recovery. And for that, we need a revival of animal spirits.

Congress could do more to fuel the nascent expansion by repealing all the unspent stimulus and sending a signal that businesses large and small will not be hit with a giant tax increase on January 1, 2011. Real job creation will come not from politically directed credit or government spending, but from business investment and new-business creation.

Washington is now the main obstacle to a durable expansion. That is the message of Friday's GDP estimate, and the message voters sent in Massachusetts last month.

# Congress and Terror Trials

The controversy over the FBI's Miranda warning and botched interrogation of Umar Farouk Abdulmutallab isn't dying down, and now Congress is getting into the act, in this instance possibly for the better. It isn't too late for Congress to reverse the Obama Administration's mistake in putting terrorists on trial in civilian courts.

In a letter to President Obama last week, Democrats Blanche Lincoln and Jim Webb, Republicans Lindsey Graham, John McCain and Susan Collins, and Independent Democrat Joe Lieberman wrote that "The attacks of 9/11 were acts of war, and those who planned and carried out those attacks are war criminals."

> Use the constitutional power to set court jurisdiction.

The six Senators "strongly" urged the White House to reconsider its decision to prosecute Khalid Sheikh Mohammed and other terrorists in New York federal district court, which they argued is "without precedent in our nation's history."

Earlier last week Mr. Lieberman and Mrs. Collins also wrote that the decision to treat Abdulmutallab as a common criminal "almost certainly prevented the military and the intelligence community from obtaining information that would have been critical to learning more about how our enemy operates and to preventing future attacks."

This is helpful political pressure on the White House, but there's more that Congress can do. Specifically, the Members can pass a law that strips the federal courts of jurisdiction over such unlawful enemy combatants as Abdulmutallab and KSM.

Under Article III of the Constitution, federal judges are only authorized to hear "Cases or Controversies" as provided by Congress through federal laws or as identified in the Constitution. If the Administration is going to insist on treating the likes of KSM as ordinary criminal defendants, it would be clarifying if Congress voted on a bill laying down new limits to these laws.

In 2006, Congress passed and President Bush signed the Military Commissions Act, working within the Constitutional guidance of the Supreme Court's *Hamdan* decision. The law painstakingly defines who is an "unlawful enemy combatant" and establishes a deliberate legal framework for prosecuting these war criminals.

Even though President Obama declared that "We are at war against al Qaeda" after the Abdulmutallab security review, he has unilaterally thrown out the military commissions system, at least in some cases. If Congress doesn't like that decision, its only constitutional recourse may be to try to take away the President's favored alternative for a specific class of defendants.

This would not impinge on the President's war powers since he still has the right to name enemy combatants. But Congress also has the right to determine the jurisdiction of civilian courts. Even Attorney General Eric Holder testified recently that civilian trials are not *required* for terrorists under either the Constitution or current federal law.

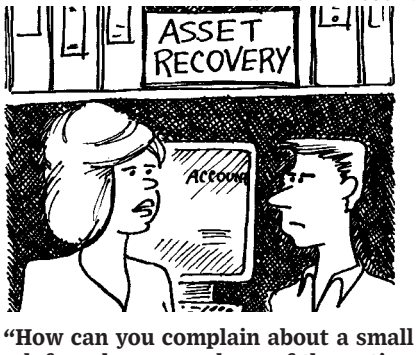
Mr. Obama might not sign a bill that stripped the federal courts of jurisdiction over terrorists. But such a debate and vote would certainly be educational—in effect, a referendum on whether civilian courts should be opened to an al Qaeda operative who tried to blow up a plane over Detroit or planned attacks that killed 2,972 Americans.

It would put both Republicans and Democrats on record on questions like whether future Abdulmutallabs have the right to remain silent. Or whether civilian courts are a venue that can protect intelligence sources and methods. Or even whether the $216 million that the New York Police Department estimates it will have to spend for each year of security at KSM's Manhattan trial could be put to more productive uses.

Above all, it is a vote that could save innocent American lives.

## Pepper . . . and Salt

THE WALL STREET JOURNAL




**"How can you complain about a small bank fee when your share of the national debt is $30,000?"**

OPINION

# *The Media and Corporate Free Speech*

**[ The Journal Interview with Floyd Abrams ]**

BY JAMES TARANTO

**President Obama says the Supreme Court made a big mistake. The pre-eminent First Amendment expert disagrees.**

*asNew York*

I met Floyd Abrams the other evening at the midtown Manhattan headquarters of a multibillion-dollar corporation that a few days earlier had exercised its First Amendment rights to argue that corporations do not have First Amendment rights. I came to the New York Times Co. building not to look in on the competition, but to see the celebrated First Amendment lawyer speak on a panel about press freedom.

Mr. Abrams has represented the New York Times Co. from time to time, most notably in the landmark Pentagon Papers case of 1971. But he and his erstwhile client took opposite sides in the decision we had gotten together to discuss. *Citizens United v. Federal Election Commission,* which the court decided last week in a 5-4 decision, invalidated federal laws that made certain political speech a crime.

Although *Citizens United* wasn't Mr. Abrams's case, "I took a special pleasure . . . in this ruling," he tells me over drinks following the panel. That's because it overturned a 2003 decision in a case he lost, *McConnell v. FEC,* in which a 5-4 majority upheld provisions of the 2002 McCain-Feingold law, including one that criminalized corporate funding of "electioneering communication" within 30 days of a primary or 60 days of a general election. Seven years later, with Justice Samuel Alito in the majority, the court reversed that holding.

The First Amendment is the lifeblood of the press. Yet most newspapers—the one you are reading is a notable exception—take an editorial position similar to that of the Times. Why? "I think that two things are at work," Mr. Abrams says. "One is that there are an awful lot of journalists that do not recognize that they work for corporations. . . .

"A second is an ideological one. I think that there is a way of viewing this decision which . . . looks not at whether the First Amendment was vindicated but whether what is simply referred to as, quote, democracy, unquote, was vindicated. My view is, we live in a world in which the word 'democracy' is debatable . . . It is not a word which should determine interpretation of a constitution and a Bill of Rights, which is at its core a legal document as well as an affirming statement of individual freedom," he says. "Justice Potter Stewart . . . warned against giving up the protections of the First Amendment in the name of its values. . . . The values matter, the values are real, but we protect the values by protecting the First Amendment."

A third factor surely is that McCain-Feingold exempted media corporations from its strictures against electioneering. Under this regime, free speech was not a constitutional right but a privilege granted by Congress to companies like those that own the Times and the Journal, but denied to other businesses, labor unions and nonprofit advocacy corporations.

One such group is Citizens United, which produced "Hillary: The Movie," a harshly critical 90-minute documentary. It sued when the FEC denied it permission to broadcast the film via on-demand cable during the 2008 presidential primaries. "Here is a very committed, very conservative entity that does a film attacking then-Sen. Hillary Clinton when she seemed likely to be nominated for president by the Democratic Party," Mr. Abrams says. "I ask myself: Well, isn't it obvious that *that* sort of speech *must* be protected by the First Amendment? And then I hear in response to that, 'Well, they could have used a PAC. Or they could have put the film out farther away from the election. Or they could have refrained from taking any money from any corporate grantor.'

"And my reaction is sort of a John McEnroe: You cannot be serious! We're talking about the First Amendment here, and we're being told that an extremely vituperative expression of disdain for a candidate for president is criminal in America?"

Another corporation whose speech was chilled by McCain-Feingold was the American Civil Liberties Union. In his 2005 book, "Speaking Freely: Trials of the First Amendment," Mr. Abrams reports that during the 2004 campaign, the ACLU "broadcast advertisements denouncing the Patriot Act but refrained, as McCain-Feingold required, from criticizing (or even mentioning) President Bush as it did so." Writing for the court in *Citizens United,* Justice Anthony Kennedy noted that if the ACLU "creates a Web site telling the public to vote for a Presidential candidate in light of that candidate's defense of free speech," it would be guilty of a felony under McCain-Feingold.

* * *

Yet even though the ACLU filed a friend-of-the-court brief urging the justices to rule as they did, its Web site has been silent on the decision. Last month the ACLU's board met to consider reversing its longstanding opposition to limits on corporate political speech. Mr. Abrams was invited to make a case against the proposed turn about.

On the other side was Burt Neuborne, a law professor at New York University. "Professor Neuborne argued that the potential for social harm due to the expenditure of large sums by corporate America was dangerous and worse—that it cannot be tolerated," Mr. Abrams recounts. "I argued that the ACLU had been right all these years in its position. . .

"And I said to them: Look, you bring cases, such as one to strike down a law of Congress which was aimed at 'virtual child pornography'—not real children being filmed, but otherwise wholly pornographic. . . . I said: You didn't do it because you wanted to protect the folks who like to watch child pornography. You did it because

Zina Saunders

you thought the government shouldn't be trusted to make content decisions about who watches anything, and because you thought the principle of avoiding governmental control over what is available on the Internet was so strong."

That case, *Ashcroft v. Free Speech Coalition,* went to the Supreme Court. As in *Citizens United,* the ACLU's position prevailed in a decision written by Justice Kennedy in 2002. But in *Ashcroft* he was joined by the four liberal justices rather than the conservatives.

Mr. Abrams says that after he pointed this out to the ACLU board, "I warned that I thought the worst thing the ACLU could do is to become just another liberal public-interest group." The board left the question unresolved pending further study.

Mr. Abrams defends corporate free speech on practical grounds as well, arguing that there is no evidence it causes social harm. Federal regulations do not apply to campaigns for state and local office, and "over half the states have allowed unlimited expenditures and contributions by corporations and unions for a number of years. We haven't seen any explosion of corporate domination or union domination of the political landscape." Nor are states without limits more corruption-prone than those with them.

In Mr. Abrams's view, *Citizens United* advances rather than hinders democracy: "We want, for example, more Gene McCarthys and Ross Perots and individuals to come upon the scene and have a chance to build a war chest and go on out and try to reform the country as they think best."

McCarthy—the antiwar Minnesota senator whose surprising strength in the 1968 New Hampshire primary prompted Lyndon B. Johnson's retirement—was directly bankrolled by a few wealthy donors. That would be illegal today. The high court upheld restrictions on campaign contributions in *Buckley v. Valeo* (1976). Although such rules were not at issue in *Citizens United,* Justice Kennedy made clear that *Buckley* is still good law because unlimited donations create "the potential for *quid pro quo* corruption."

To Mr. Abrams, this a reasonable distinction: "I think there's room for more governmental involvement with respect to contributions, because there, I think, there is a greater risk of something in the order of quid pro quo corruption. . . . As of right now, the court has struck the balance pretty well."

Yet if there's no evidence from the states that unlimited contributions encourage corruption, isn't there a strong case for overturning *Buckley* too? Mr. Abrams demurs: "It's a serious argument, and there's no doubt that it raises First Amendment issues. But my reaction is that where we are now is pretty much where we ought to wind up."

He also rejects my suggestion that judicial liberals have become less supportive of free speech in recent decades. "Very few people are really supportive of free speech, whether they're liberals or conservatives," he says. "The First Amendment for many years played the role, when it triumphed in the courts, of protecting the speech of people who tended to be on the left—so it was minorities or the powerless in our society. The liberals on the Supreme Court today would still protect those people and their rights . . . What's changed is that conservatives found some causes which they have used to vindicate genuine First Amendment rights." He says that Justice Kennedy stands "all by himself on the court" as "the single most consistently protective jurist of First Amendment rights."

Mr. Abrams points out that the first restrictions on corporate and union political speech—overturned along with McCain-Feingold in *Citizens United*—were part of the Taft-Hartley Act of 1947, a measure that aimed at curtailing labor's power. Taft-Hartley "was vetoed by Harry Truman on the ground that it violated the First Amendment," but the Republican-controlled Congress overrode the veto.

That's a cautionary tale for anyone who seeks advantage by restricting the freedom of others—including media corporations that supported McCain-Feingold because they were exempt from it. If corporations have no First Amendment rights, it is dubious to suggest that media corporations do have such rights.

"The decision in *Citizens United* provides significant protection for the press in the future," says Mr. Abrams. "The press cannot depend, and indeed ought not depend, upon the largess of Congress to exempt it from regulations on speech that affect the rest of American society. I'm a strong believer not only in protecting the press, but that the press has been the instrumentality which has helped to establish broad protections for all of us through the years."

An example is the 1966 case of *Mills v. Alabama,* in which the Supreme Court overturned a state law similar to McCain-Feingold except that it applied to the press. A Birmingham editor had been convicted under the Alabama Corrupt Practices Act for publishing an Election Day editorial favoring a local ballot measure.

The law's "electioneering" ban applied only on Election Day, a much narrower restriction than McCain-Feingold's 30- and 60-day limits. The state said the law's purpose was to prevent social harm, namely "confusive last-minute charges and countercharges . . . when, as a practical matter, because of lack of time, such matters cannot be answered or their truth determined until after the election is over."

There was an argument, too, that citizens needed protection from aggregations of power. But "the Supreme Court said unanimously . . . that the notion that a newspaper should be kept from publishing what it wanted to publish—even just one day of the year, even for a supposedly good cause—was alien to this country."

* * *

Like any good lawyer, Mr. Abrams can argue in the alternative. I pose a hypothetical: Suppose that *Citizens United* had gone the other way, that Congress subsequently abolished the media exemption, and that a newspaper corporation hired him to argue that it does have First Amendment rights, even if other corporations do not. How would he make the case? Again he cites Justice Stewart, who held the view that "the institutional press was the only entity set forth in the Bill of Rights as deserving of special protection." Accordingly, Mr. Abrams says, "I would argue . . . that because of the role of the press, it was unconstitutional . . . to bar the press from doing everything it now does."

Later he notes that *Citizens United*, having been decided 5-4, could be reversed if the court's makeup changes. "I really might have that case one of these days," he says with a chuckle. That would be a supreme irony—especially if his client, once again, was the New York Times Co.

*Mr. Taranto, a member of The Wall Street Journal's editorial board, writes the Best of the Web Today column for OpinionJournal.com.*

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OPINION

# Development with Tibetan Characteristics

By Ben Hillman

After the deadly riots that engulfed Tibetan areas in 2008, one might have expected that the Chinese government's first high-level conference on Tibet policy since 2001 would generate some new ideas. Instead, China's leadership offered more of the same. Blaming outside forces for ethnic unrest, the leadership promised to "fast track Tibet's development" to achieve "lasting stability"—Communist Party speak for "throw more money at the problem" and "come down hard on unrest."

**Beijing's plan to throw money at the problem won't work.**

Over the last decade the Chinese government has invested massive sums in Tibetan areas—$46 billion in the Tibet Autonomous Region (TAR) alone, where just under half of China's ethnic Tibetans live. Investments in roads, railways, telecommunications and local state administration have had a major impact on the economy, turbo-charging regional GDP and bringing new prosperity to middle class urbanites, most of whom work for the state.

But the rivers of money have also created problems. Massive public spending has attracted an unprecedented number of Han Chinese migrants to Tibetan towns. With skills better suited to work in new industries such as construction and services, Chinese migrants are out-competing ethnic Tibetans in the best-paid jobs. Poorly educated rural Tibetans who have relocated to cities and towns in search of work are the biggest losers. Han Chinese laborers already monopolize the tens of thousands of new jobs generated by new construction projects. In Lhasa, Han Chinese now dominate most types of small business, from transport services to restaurants.

For years, the Chinese government has argued that such migrants can "lead the way" while ethnic Tibetans catch up, but rising inequalities within Tibetan areas and the highest levels of ethnic violence in decades strongly suggest this trickle-down approach has failed. Many Tibetans have never been to school and have only basic literacy in Chinese—the language of commerce and administration. Very few have the skills needed to participate in new economic opportunities. Not surprisingly, video footage of the March 2008 riots shows that many of the rioters in Lhasa and other cities were young men from the countryside.

The problems are not just economic. The historically unprecedented movement of non-Tibetans into Tibetan cities and towns has fueled Tibetans' insecurity about the future of their homeland's ethnic distinctiveness. Even many Tibetans on the state payroll fear that their cultural heritage and way of life are under threat. Their fears are compounded by national and local government policies that seek to curtail the influence of organized Tibetan Buddhism by placing restrictions on religious practices and monastic life—a cornerstone of Tibetan cultural identity.

Unfortunately, Beijing continues to insist that ethnic tensions are the result of meddling by "separatist forces led by the Dalai clique." Conveniently, this allows China's leaders to divert attention away from critical domestic policy failures.

At the fifth Tibet Work Conference in Beijing last month—the first of its kind since 2003, China's leaders pledged another $60 billion to Tibet's development over the next five years. Half of this money will go to Tibetan regions in neighboring provinces outside the TAR—recognition of the fact that many of the 2008 riots took place in these areas.

Unfortunately, more public investment is likely to exacerbate ethnic tensions unless there is a qualitative shift in the way funds are spent. While policy documents increasingly refer to "human development," "fast-tracking" Tibet's development typically means only one thing in Chinese government circles—double-digit GDP growth. At local levels, GDP growth is the main indicator used to assess local leaders' performance. To achieve growth targets, local leaders tend to prioritize large-scale public works over investments in people. And because they need the job done in double time, Han Chinese contractors and their migrant crews are often their preferred agents.

David G. Klein

The Chinese government will not achieve lasting stability in Tibetan areas if GDP continues to be policy makers' primary obsession. Beijing should be much more concerned about the economic marginalization of Tibetans. Giving Tibetans 12 years of free education is a start, but it is not enough. There is little incentive to go to school if there are no jobs after graduation. And low Chinese literacy means Tibetans struggle to compete academically, especially beyond elementary school when many drop out. As the economy grows and changes, rural Tibetans desperately need to learn new skills. At present, they have little or no access to vocational training programs—programs often talked about in Beijing, but not delivered effectively by local governments. Policy makers should also consider ethnic quotas for state-funded projects. Small loans and training schemes for Tibetan businesses would also help.

In Beijing last month China's leaders called for "development with Chinese characteristics adapted to Tibet's regional conditions." This sounds a lot like the failed policies of the past. China's policy makers should be thinking about how to realize "development with Tibetan characteristics" where the emphasis is on socially inclusive development rather than social control. The achievement of "lasting stability" in Tibet—the Chinese government's ultimate goal—will demand a more sophisticated policy suite that empowers ordinary Tibetans to participate in their region's development and to feel secure about the future of their cultural heritage within the People's Republic of China.

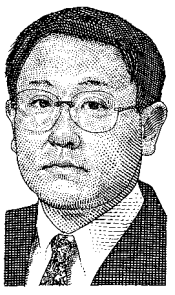
*Mr. Hillman is a lecturer in comparative government at the Australian National University and Chair of the Eastern Tibet Training Institute.*

# Toyota: Too Big, Too Fast

By Paul Ingrassia

Three or four years ago senior Honda executives demanded to know from their underlings how arch-rival Toyota could expand its production and sales so quickly and still keep its quality intact.

Now they're getting the answer: Toyota's once-vaunted quality actually was eroding. Last week the company suspended the sale of eight different models, including the popular Corolla, Camry and Avalon, for potential safety problems. This week Toyota will halt production at the five North American factories that make those vehicles.



*Akio Toyoda*

The company also expanded a recall that already was the largest in automotive history. Some 4.8 million Toyota cars and trucks might suffer from sticking accelerator pedals or faulty floor mats that seem to grab the accelerator (some have been recalled for both reasons) and can cause the car to accelerate out of control. Several deaths have been attributed to the problem.

How could this possibly happen to the car company that was the undisputed leader in quality, the company that all the others from Germany and America and even Japan wanted to emulate? The answer is almost too simple.

Toyota is suffering from trying to get too big, too fast. In the early years of this century the company sensed weakness among its Detroit rivals in the American market, and also opportunity in China and other emerging markets outside the U.S. So it began a headlong expansion spree around the world.

In doing this Toyota abandoned one of the shibboleths of its conservative culture: never building a new product in a new factory with a new workforce. Any new Toyota factory, anywhere in the world, would first build a vehicle that Toyota was making at one of its existing plants. That approach minimized quality-control variables.

But in 2006 Toyota started building its first full-size pickup truck at a new factory with a new workforce in San Antonio, Texas. That truck, the Tundra, was recalled both for the gas-pedal issue and for another problem, potential corrosion of the vehicle's frame.

When this newspaper's Norihiko Shirouzu first began writing about Toyota's quality glitches in 2006 and 2007, some company executives reacted angrily, saying he was blowing the issue out of proportion. But numbers don't lie. In 2005 Toyota recalled 2.38 million vehicles in the U.S., which was slightly more than the number of cars and trucks the company sold in America that year. Last August the company recalled 700,000 cars in China because the power-window controls might short-circuit. The recent gas-pedal recall also affected China and Europe. Toyota's quality problem has gone global.

**Consumer Reports now rates Ford's quality higher than Toyota's.**

Consumer Reports, the bible of the car-buying public, now rates Ford's quality higher than Toyota's. Last year the Japanese company lost $4 billion, its first annual loss in nearly 60 years, and it is heading for another loss in the current fiscal year ending March 31. The production halt announced this week will add to the red ink.

The immediate question is what Toyota's dramatic moves will do to its reputation. Consumers might (and should) give the company credit for taking unprecedented and costly action in the interest of protecting their safety. But many Toyota owners are worried, and brand-loyalty ratings have begun to drop.

In last year's J.D. Power Customer Retention Survey, Toyota lost the top spot to Honda for the first time since the poll began six years ago. Toyota and Lexus still hold the second and third positions in the survey, but the trend has to be discomfiting. General Motors, meanwhile, has begun offering special discounts to Toyota owners who trade in their cars, a marketing move that might backfire the next time GM has a big recall.

Another question is how quickly Toyota can resolve the unintended acceleration issue. It's a problem with a curious history. In the mid-1980s Audi was accused of having a similar problem, and its U.S. sales almost evaporated. But the issue, fed by media hysteria, turned out to be bogus.

* * *

Toyota's acceleration problem appears to be the real thing. The company has pinpointed specific likely causes—linkages in the gas-pedal mechanism and the size of the floor mats.

In an era when cars have more microchips than many desktop computers, these things are amazingly low tech. Reports last week said Toyota was zeroing in on a repair: inserting a "spacer" in the pedal mechanism that would increase the tension in a spring and help prevent sticking.

Finally, the big question is whether and how quickly Toyota can right itself as a company. The new management team led by Akio Toyoda, a scion of the founding family, seems contrite and worried, which is a good sign.

The company has enormous financial and technical resources, and it remains the leader in gas-electric hybrid technology. Toyota is reversing its overexpansion and reducing excess capacity by closing an assembly plant in California (which was a joint venture with GM), and postponing plans to build another plant in Tupelo, Miss.

One pressing need is for Toyota to develop a new generation of talented and trusted local leadership in the many countries where it operates. Because it is Japan's biggest auto maker by far, Toyota tends to be insular. The near-term temptation will be to circle the sedans in Toyota City, site of the company's headquarters, but it's impossible for a small inner circle in Japan to run a global company effectively in the long run.

General Motors held the title of "world's largest car company" for decades before things began to go wrong there. Toyota grabbed the top spot last year, and things started going awry in just a matter of months.

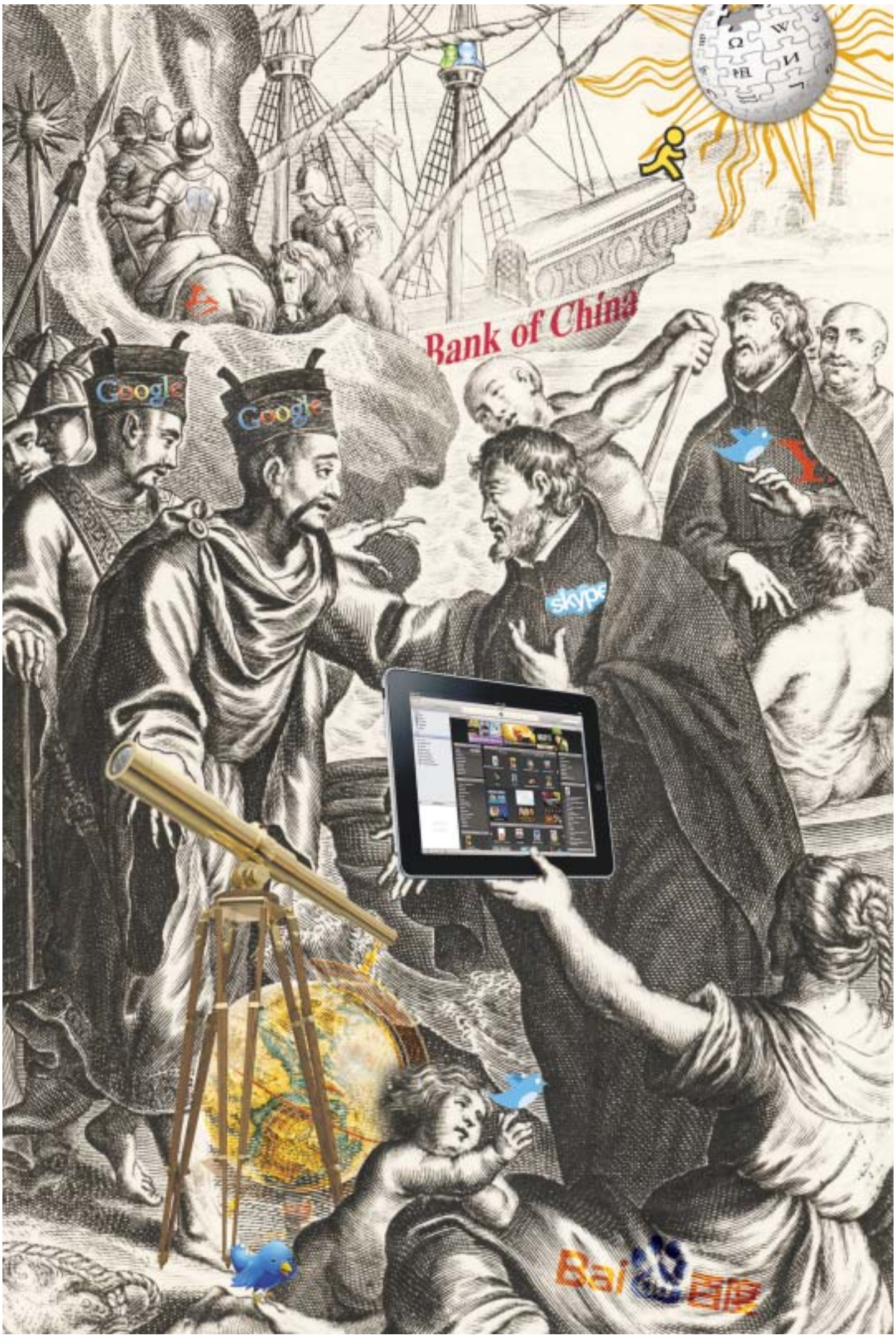
Maybe it isn't good to be king after all.

*Mr. Ingrassia, a Pulitzer Prize-winning former Detroit bureau chief for this newspaper, is the author of "Crash Course: The American Automobile Industry's Road from Glory to Disaster," published by Random house last month.*

IN DEPTH

# The turbulent history behind China's clash with Google

*Nation often views the ideas of foreigners, from 17th century missionaries to Internet entrepreneurs, as subversive*




WSJ photo illustration, Bridgeman Art Library (Engraving), Apple (iPad); Palmer Candy Co. (Culture)

[ Essay ]

By Ian Buruma

In 1661, Adam Schall, a Jesuit missionary from Germany and astronomer at the Chinese imperial court, fell victim to jealous mandarins, and was sentenced to death for teaching false astronomy and a superstitious faith. He was only just saved from being strangled, when a sudden thunderstorm convinced his judges that nature had spoken against their verdict. Father Schall died soon after. But the defensiveness of the mandarins, who saw his foreign ideas as a threat to their status, would be a recurring theme in Chinese relations with the outside world.

So, is it true after all, what they say about clashing civilizations? It is tempting to see the official Chinese response to Hillary Clinton's speech on Internet freedom in that light. Spurred by Google's announcement that it might pull out of the Chinese market in protest over censorship, Mrs. Clinton talked about Internet freedom in terms of universal human rights. Her speech was promptly denounced in a Communist Party newspaper as "information imperialism." Foreign Ministry spokesman Ma Zhaoxu claimed that China's regulation of the Internet (banning references to Tiananmen, Tibet, Taiwanese independence and so on) was in keeping with "national conditions and cultural traditions."

The claim of universality is indeed an important facet of American culture, rooted in the American Revolution and Protestant ethics. It is considered proper for a U.S. secretary of state to give voice to the ideal of universal human rights. Just so, a Chinese official sees it as his duty to assert the uniqueness, or even superiority, of Chinese culture. This was true of Confucian scholar-officials in the imperial past. It is still true today.

Thought control, in terms of imposing an official orthodoxy, is a very old tradition. The official glue that has long been applied to hold Chinese society together is a kind of state dogma, loosely known as Confucianism, which is moral as well as political, stressing obedience to authority. This is what officials like to call Chinese culture.

One can take a more cynical view, of course, and see culture as a mere fig leaf meant to hide the machinations of political power. The latest Chinese salvo against the U.S., blaming the Americans for instigating rebellion in Iran through the Internet, reveals that the current spat has a hard (and opportunistic) political core. And the assumption that Google, as a Chinese editorial put it, is a "political pawn" of the U.S. government, is a clear case of projection.

In any case, instilling the belief that obedience to authority is not just a way to keep order, but an essential part of being Chinese, is highly convenient for those who wield authority, whether they be fathers of a family or rulers of the state. That is why in their efforts to promote democracy after World War I, Chinese intellectuals denounced Confucianism, with its rigid social hierarchy, as an outmoded orthodoxy which had to be eradicated.

It was, as we know, not so much eradicated as replaced by a Communist orthodoxy after 1949. And when this orthodoxy began to lose its grip on the Chinese public after the death of Chairman Mao in 1976,

# IN DEPTH

Chinese officials struggled to find a new set of beliefs to justify their monopoly on power. The ideological hybrid that followed Maoism was "Socialism with Chinese Characteristics," a mixture of state capitalism with political authoritarianism. Later, Confucianism actually made a comeback of sorts. But the most common ideology since the early 1990s is a defensive nationalism, disseminated through museums, entertainment and school textbooks. All Chinese schoolchildren are indoctrinated with the idea that China was humiliated for centuries by foreign powers, and that support of the Communist state is the only way for China to regain its greatness and never be humiliated again.

This is why foreign criticism of Chinese politics, or Chinese infringements of human rights, is denounced by government officials as an attack on Chinese culture, as an attempt to "denigrate China." And Chinese who agree with these foreign criticisms are treated not just as dissidents but as traitors. The term "information imperialism" is clearly designed to evoke memories of the Opium Wars and other historical humiliations. Chinese are meant to feel that foreigners who talk about human rights are doing so only to bash China.

This is not always entirely irrational. If Chinese chauvinism is defensive, American chauvinism can be offensive. The notion that the U.S. has the God-given right to impose its views about liberty and rights on other countries, sometimes backed by armed force, has provoked precisely the same reaction in many places as Napoleon's wars for Liberty, Fraternity and Equality once did. No matter how fine the ideals, people resent it when they are pushed down their throats. Besides, the Chinese are not alone in mixing politics with morality. The history of Christian missions in Asia, or indeed Africa, cannot be neatly separated from imperialism; they were indeed often part of the same enterprise. Even scientific ideas, such as astronomy or medicine, which might be considered to be neutral, came with values that were anything but. The earliest missionaries in China, such as the great Italian Jesuit Matteo Ricci (1552-1610), introduced science as part of their aim to spread the Christian faith.

In fact, there is an interesting parallel between those early Christian missions and our contemporary efforts to spread universal human rights, especially in regard to China. Ricci and his colleagues, as Jesuits, believed that the best way to influence the Chinese elite was to adapt to Chinese culture, to wear Chinese clothes, to speak in Confucian terminology, to "go native," as it were. They were criticized by other Catholic orders, who saw this as a shameless betrayal of Christian principles. Only the true faith should be preached, with no compromises to heathen views.

A very similar debate is going on today between those who believe that applying Western notions of human rights and democracy to China is counterproductive. Many a politician, businessman or media tycoon has argued that adapting to special Chinese conditions is surely more effective if one wishes to have any influence in China. The fact that this argument is usually self-serving does not make it necessarily wrong, but so far it has certainly not been proven right. Chinese human rights have not been noticeably advanced because of foreign compromises with Chinese illiberalism.

The dilemma for the Chinese elites, ever since the early Christian missions, is the question of how to adopt useful Western ideas while keeping out the subversive ones. Intelligent Chinese knew perfectly well that much of Western knowledge (how to construct effective guns, say) was not only useful but essential as a way to make China strong enough to resist foreign aggression. But the tricky part for scholar-officials was how to use that knowledge without weakening their own position as guardians of Chinese culture.

To mention just one example, greater knowledge of geography and other civilizations made it harder to maintain that China was the center of the world which should naturally be paid tribute to by barbarian states. In ancient times, foreign barbarians were ranked with the beasts. By the time Matteo Ricci, in 1602, showed the Chinese a world map (now on view at the Library of Congress), some foreigners were treated with more respect, but the old Sino-centric defensiveness had far from vanished. If the Middle Kingdom was no longer the perfect model of civilization, its traditional political arrangements became vulnerable to domestic challenge.

One way of dealing with this problem was to separate "practical knowledge" from "essential" culture, or ti-yong in Chinese. Western technology was fine, as long as it didn't interfere with Chinese morals and politics. In practice, however, this was not feasible. Political ideas came to China, along with science, economics, and Western religion. And they did help to undermine the old established order. One of these ideas was Marxism, but once Mao had unified China under his totalitarian regime, he managed for several decades to insulate the Chinese from notions that might undermine his power.

Once China opened up to the world for business again in the late 1970s, under the leadership of Deng Xiaoping, the old problem of information control emerged once again. Deng and his technocrats wanted to have the benefit of modern economic and technological ideas, but, like the 19th century mandarins, they wished to ban thoughts which Deng called "spiritual pollution." The kind of pollution he had in mind was partly cultural (sex, drugs and rock 'n' roll), but mainly political (human rights and democracy).

Deng's attempt, which was only partly successful, was made far more difficult by the invention of the Internet, the problems and possibilities of which were left for his successors to deal with. The Internet, which has boomed over the last few years, cannot be totally policed; there are simply too many ways to dodge the censors. But China, with its army of cyberspace policemen, has been remarkably effective at Internet control, by mixing intimidation with propaganda. The intimidation encourages self-censorship, and nationalist propaganda creates suspicion of foreign criticism. It is not hard to find well-educated Chinese who buy the line about "information imperialism."

On the other hand, there are also plenty of Chinese who have applauded Google's defiance of the authorities. When hackers, operating from China, targeted the Gmail addresses of Chinese human rights activists, Google decided that it would no longer help to police online information. As the Google CEO Eric Schmidt put it this week at Davos, where he repeated his criticism of Chinese censorship of the Internet: "We hope that will change and we can apply some pressure to make things better for the Chinese people." Even as government spokesmen criticized the US for interfering in Chinese affairs, hundreds of Chinese Internet users laid flowers at Google offices in Beijing, Shanghai and Guangzhou. This is why it is too simplistic, and even noxious, to see the conflict over Internet freedom simply as a cultural clash. Those who would like to enjoy the same freedoms that people in democracies take for granted are Chinese too.

The question, then, for Western companies, as much as for Western governments, is to decide whose side they are on: the Chinese officials who like to define their culture in a paternalistic, authoritarian way, or the large number of Chinese who have their own ideas about freedom. Google has made its choice. It strikes me as the right choice, for not only will it encourage a healthy debate on freedom of information inside China, but it could serve as a model of behavior for companies operating in authoritarian countries. Even for enterprises aimed at maximizing profits, it might sometimes pay to burnish their image by being on the side of the angels.

**Ian Buruma is the Henry R. Luce Professor at Bard College. His latest book, "Taming the Gods," will be published in March.**

(Top to bottom) Reuters; ChinaFotoPress/Getty Images

**Above, Google's China headquarters. Below, a thriving Internet cafe in China's Anhui Province on Jan. 15.**

TECHNOLOGY

# Landscape is changing for app makers

*Many programs can be easily adapted from the iPhone, but lack of a camera poses challenges for some developers*

By Yukari Iwatani Kane

**Apple** Inc.'s new iPad has the potential to be both a blessing and a curse to the growing ranks of companies that have developed more than 140,000 applications for the company's iPhone.

Many developers, including game makers and media firms, say they are excited about the opportunity and say it will be relatively simple to adapt their small-screen programs for the iPad. But some are finding challenges in the tablet's limitations.

For example, the iPad, like the iPhone, doesn't allow applications to run in the background so users can't perform several activities at once—as they're accustomed to on a laptop.

For Internet radio company **Pandora Media** Inc., that wasn't a huge problem in an iPhone because users are often listening to its music while they're on the move. On a larger iPad, however, users are more likely to want to do other things like read an e-book while listening to tunes.

Tim Westergren, Pandora's chief strategy officer, said the company plans to put its service on the iPad, but added, "We're huddling here to figure out what's the right approach."

The iPad also lacks a camera. That wasn't a surprise to some developers because the tablet isn't as compact as an iPhone and is less useful as a camera substitute. But it does render photography and video apps useless in its current format.

Alexander Muse, co-founder of **Big in Japan** Inc., which makes a barcode-scanning app called ShopSavvy, said the company will try to devise a way for users to continue use their iPhones to capture barcodes and pair it with software on the iPad that will provide more information about the scanned products.

With no videocamera, services like **Skype** Ltd.'s Internet-calling service will be limited to voice-calling and instant messaging, at least for now.

When asked for comment, Apple pointed to remarks Wednesday by one of its executives. At the iPad's unveiling, Senior Vice President Scott Forstall said, "It's going to be a whole 'nother gold rush for developers."

Game makers said it frees them from the constraints of the iPhone's 3.5-inch screen. Mobile social-gaming company **SGN Holdings** LLC said it believes it can turn its iPhone plane-combat game "Skies of Glory" into an Xbox 360-quality 3D multiplayer game.

Ge Wang, co-founder of **SonicMule** Inc., known for its musical apps like Ocarina, said he sees possibilities, not only for bigger virtual instruments like guitars and harps, but also for displaying digital scores for musical performances. "It really feels like a new canvas for experimentation," said Mr. Wang.

Though Apple didn't outline overall plans for newspapers and magazines Wednesday, publishers said they were encouraged by the news that most iPhone apps can run on the iPad without modification.

The iPad, like the iPhone, doesn't support Flash multimedia technology. A preinstalled YouTube app will let users watch video from that site, but the lack of Flash support prevents users from accessing content from sites like Hulu.

Some iPhone apps designed to be used on the go may not translate as well. **Loopt** Inc., for example, has a location-based social-networking app. It plans to add broader restaurant and concert guide-type features that don't rely on real-time information because they realize that people won't necessarily be taking iPads everywhere with them.

*—Russell Adams contributed to this article.*

## Rethinking apps for the iPad

The iPad will present challenges for some programs that are popular on netbooks and iPhones.

**Pandora** (Internet radio)
Can't run in the background while a user is reading or performing another task

**Loopt** (Social Networking)
Bigger size makes it harder for people to carry around to map the locations of friends

**Skype** (Communications)
No built-in camera for Internet-based video calls

**ShopSavvy** (Shopping)
Can't scan bar codes for this price-comparison app without a camera

Source: WSJ reporting


It's making more than just headlines.

The Airbus A380 has made its name as the world's largest, greenest passenger aircraft. But the big news is that the A380 is also making big profits for operators. Whether it's being used to reduce the number of flights and create real cost savings while keeping similar capacity. Or to offer more capacity with fewer take-off slots at a lower cost per seat than any other large aircraft. Either way, passengers simply love it, and operators love the commercial advantages it brings. The A380's benefits are in hard cash, not just headlines. Airbus A380. See the bigger picture.

airbus.com Airbus, its logo and the product names are registered trademarks.

TECHNOLOGY

# Tablet draws jeers, legal rumblings over iPad name

By Suzanne Vranica And Amir Efrati

From Internet jokes to legal rumblings, the name of **Apple** Inc.'s latest gadget is taking a bit of a beating. But Apple has been down this road before, and marketing experts don't expect the brouhaha to tarnish the new tablet computer.

Wednesday's launch of the iPad set off a trademark dispute with a Japanese company that introduced a device called the iPAD in 2002. The spat could spark litigation or result in the kind of settlement Apple reached over its iPhone in 2007, when it reached an agreement with **Cisco Systems** Inc. Cisco had been marketing an Internet telephone under the same name.

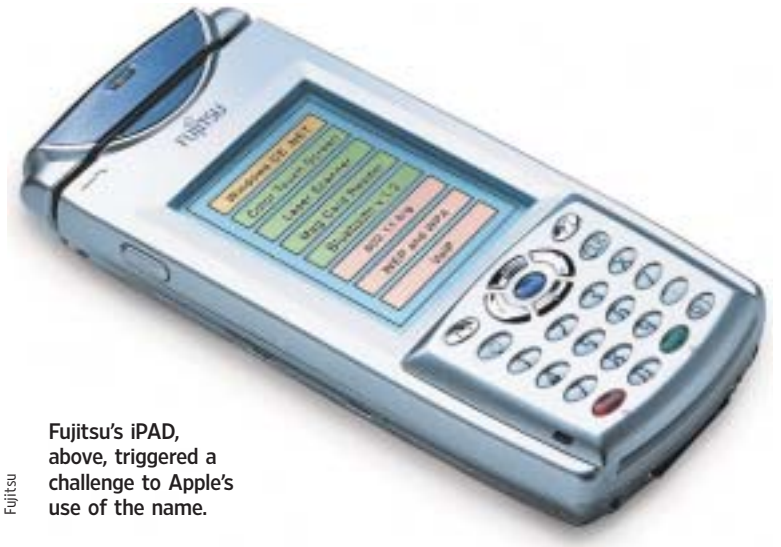
Computer maker **Fujitsu** Ltd. on Wednesday said it believes it has U.S. trademark rights to the name of its device, which is used by retail-store employees to track inventory and sales. Though smaller than Apple's tablet, Fujitsu's iPAD has a touchscreen and wireless Internet access. Fujitsu said in a statement on Thursday that it is discussing "the possible infringement on our trademark" with lawyers and had no further comment. A spokesman for Apple declined to comment.

Then there are the jokes bouncing around the Web about the name's suggestion of a feminine-hygiene product. A headline in the Winnipeg Free Press reads: "The iPad Is a Really Bad Name. Period."

But a number of advertising and marketing experts say they see no serious problem. "Six months from now, no one will remember they hated the name," says Allen Adamson, managing director of the New York office of Landor, a branding firm owned by WPP. "If the only issue with the iPad is the name, then Apple will have a home run."

Karl Heiselman, chief executive officer of Wolff Olins, a branding company owned by **Omnicom Group** Inc., puts it more bluntly. "The iPhone could have been called iCrap and people would have bought it."

The one-letter difference between Apple's iPad and its own digital music player, the iPod, is itself notable. But Bill Ward, assistant professor of marketing at Ferris State University's business college, says the iPad "is differentiated enough by size, features and price that its name will not be a problem for Apple."



Fujitsu

Fujitsu's iPAD, above, triggered a challenge to Apple's use of the name.

As for Fujitsu, it could make a legal claim that Apple's iPad would interfere with its ability to sell its iPAD because "potential customers, when approached by Fujitsu, might think Fujitsu is knocking off Apple," says Marc Reiner, an intellectual-property lawyer at **Dorsey & Whitney** LLP.

Apple could argue that there is no likelihood of confusion, because its device is meant for a different consumer market, Mr. Reiner says. It could also argue that because other products, from bras to engines, already bear names such as iPad and IPAD, consumers don't associate the name with a single company anyway, he says.

The two companies could agree to share the trademark, with Apple potentially paying money in the settlement, legal experts say.

Apple has until late February to file an opposition to Fujitsu's trademark application at the U.S. Patent and Trademark Office. The agency awards trademark registrations, which put other parties on notice that a company has claimed trademark rights. Even if Fujitsu succeeds in getting a trademark registration, it won't necessarily help the company prevail in a potential future court battle with Apple over the name, legal experts say.

It is familiar terrain for Apple. Three years ago, before Apple launched the iPhone, it also settled a long-running trademark fight with Apple Corps Ltd., which owned the Beatles' record label. Apple Corps had objected to Apple's use of the apple logo to promote its online music store, iTunes.

Experts say despite the bruising the name is taking, customers are largely attracted to Apple products because of their functionality and design. Moreover, the company has a knack for producing buzzy advertising, like its "Mac vs. PC" ads, which mock **Microsoft** Corp.'s Windows software by showing a nerdy PC guy trumped by his cool Mac counterpart.

Marketing strategists say Apple didn't have many options, because it was vital that the name remain in the "i" family. That is the most efficient way to market the product, since Apple has already spent hundreds of millions of dollars on that concept. In the buildup to the iPad announcement, pundits were predicting that Apple would name the new product the iSlate.

Sergio Zyman, a former chief marketing officer of Coca-Cola Co., says the name is "right on." Apple has to "utilize the equity that they have created from the iPhone, iPod, iMac and iTouch," he says.

FROM PAGE ONE

# U.S.-China ties cool over arms deal

*Continued from first page*
in October 2008. But military ties were re-established last year and had been gradually mending before the Obama administration announced the latest arms sale Friday.

With military exchanges on ice again, the immediate danger is that wider relations will become more vulnerable to the kind of flare-ups that periodically roil them. Last March, for example, a U.S. surveillance ship narrowly avoided a collision with Chinese vessels crowding around it in the South China Sea. Bilateral military exchanges are aimed in part at reducing that kind of danger by building mutual trust and understanding.

The 1979 Taiwan Relations Act obligates the U.S. to "provide Taiwan with arms of a defensive character." But such arms sales infuriate China, which claims democratically governed Taiwan as part of its territory, and has threatened to use force to prevent it from permanent independence. Taiwan has long been seen as the most sensitive issue in U.S.-China relations—the one problem thought to have the potential to provoke armed confrontation between the world's reigning superpower and a rising Asian economic juggernaut.

The U.S. arms package doesn't include F-16 fighters, which Taiwan covets. But it includes other sophisticated weaponry, such as 114 advanced Patriot antimissile systems, valued at $2.8 billion. The largest element is 60 Blackhawk helicopters, costing $3.1 billion. Two minehunting ships, 10 Harpoon missiles and 25 advanced command and control systems also are included.

The latest row further dashes expectations that the Obama administration harbored in its early days that it could partner with China to deal with a range of global issues. Instead, the rhetoric from both sides has grown sharper in recent weeks.

On Friday, Secretary of State Hillary Clinton said China risks diplomatic isolation and economic uncertainty if it doesn't join the push to further sanction Iran for its nuclear program. Mrs. Clinton's comments were some of her most pointed on Beijing's reluctance to support United Nations penalties to curb Iran's pursuit of nuclear technologies and weapons-delivery systems.

Beijing, meanwhile, has reacted angrily to U.S. calls to fight Internet censorship and to allegations that Chinese hackers targeted computer systems of dozens of U.S. companies, including **Google** Inc.

Also causing friction is disagreement over how to address global warming. On Thursday, in keeping with December's Copenhagen agreement, China submitted a letter reiterating its previously announced goals to cut its carbon emissions relative to economic output by 40% to 45% from 2005 levels by 2020. But Beijing has refused firm caps on its total emissions, and has been increasingly strident in its stance that developed countries like the U.S. should be held to tougher limits on emissions than developing nations.

Some Chinese state media suggested the arms row could further rile wider relations. Given the breadth of global issues that need to be dealt with, "the current period requires healthy and stable development for China-U.S. relations," said a commentary Sunday in Guangming Daily, a leading Communist Party newspaper. "Under the circumstances, mistaken decisions that harm China's core interests and harm China-U.S. cooperation... are not the wise moves that a responsible government takes."

Alexander Huang, strategic-studies professor at Tamkang University in Taipei, voiced doubt that Beijing's protests would go too far. Chinese leaders have known for a long time that reversing U.S. policy on arms sales to Taiwan won't be easy, Mr. Huang said. "There will be some impact in short term, but none of these would go beyond military issues," he said.

Taiwan's President Ma Ying-jeou, a champion of better ties with China, said the arms sales would actually help that effort. "With these weapons, we could guard Taiwan more confidently. This will be also helpful for the further development of the cross-Strait relationships," Mr. Ma said on a flight home from a state visit to Central America. "Because when Taiwan is more confident and feel more secured, we could engage more interactions with China."

*—Jay Solomon in Washington, Ting-I Tsai in Taipei and Shai Oster in Beijing contributed to this story*

**A view from on high** | At the annual Davos gathering, leaders discuss how to fix banking

'I do agree with separating proprietary trading and commercial lending. But all this shouldn't be done in the context of bashing bankers.'

**RICHARD GELFOND**
CEO, Imax Corp.

'Going forward, one of the priorities should be not more regulation but rather improved and closer supervision of all financial intermediaries.'

**ANA BOTÍN**
Executive chairman, Banesto

'What is important is that bankers themselves understand that business needs to be changed.'

**LORD PETER LEVENE**
Chairman, Lloyd's

'I believe in great compensation for great performance,' but banker pay in many cases has 'gotten out of whack.'

**JEFFREY JOERRES**
CEO, Manpower Inc.

'I'm worried that in those countries where regulation was too weak, now it could become too strong.'

**SLAWOMIR SKRZYPEK**
President, National Bank of Poland

'Make sure [the bankers] change, or change *them*.'

**RACHID MOHAMED RACHID**
Trade and Industry Minister, Egypt

Photo credits: Bloomberg News (Gelfond, Joerres, Botin); Agence France-Presse/Getty Images (Skrzypek, Levene, Rachid)

# Bankers at Davos confront mounting global ire

*Continued from first page*
spokesman Lucas van Praag said: "It is preposterous that The Wall Street Journal would even consider publishing such effluent."

Support is growing among governments and regulators for a more aggressive clampdown on banks' practices than looked likely only a few weeks ago.

Proposals for tough new taxes and rules from the U.S., U.K. and other governments are feeding a growing determination among officials on both sides of the Atlantic not to let the financial sector off lightly, after banks' losses nearly caused a global economic crash.

Relief about the easing of the economic crisis is giving way to demands for far-reaching change, dismissals of banks' objections, and questioning of the value of many financial sector activities.

"We should stop the blame game and we should start looking forward," **Deutsche Bank** AG Chief Executive Josef Ackermann said Friday, arguing that a plethora of new taxes and proposals is damaging the banking sector.

"If you don't have a strong financial sector to support the this recovery... you're making a huge mistake and you will regret that later on," he said.

Mr. Ackermann and other leading bankers met behind closed doors with finance ministers, central bankers and regulators from major economies in Davos on Saturday in an attempt to build bridges.

Bankers who attended said that the talks were "constructive," but little concrete result emerged and officials continued to express their determination to beef up regulation.

One European bank chairman complained that the organizers of the conference had invited too many politicians and regulators to what was formerly a friendly get-together for the business elite.

At times the atmosphere turned downright hostile, said some. French President Nicholas Sarkozy delivered a populist broadside in the keynote address to officially open the meeting.

"There is indecent behavior that will no longer be tolerated by public opinion in any country of the world," Mr. Sarkozy told the conference.

"That those who create jobs and wealth may earn a lot of money is not shocking. But that those who contribute to destroying jobs and wealth also earn a lot of money is morally indefensible," the French president added.

A widespread view heard here is that banks have brought much of the anger upon themselves, by appearing to return to a culture of high risk-taking and lavish pay as soon as they were out of intensive care.

"I think banks have misjudged the deep feelings of the public regarding the devastating effects of the crisis," said Guillermo Ortiz, until recently Mexico's central bank governor.

Bankers from outside the U.S., where the bonuses and risk-taking have traditionally been greatest, complain that all bankers are being tarred as villains.

Even banks that acted conservatively face new regulations that could make doing business more complicated and costly.

"The banks who stayed strong are angry at the banks who had poor management," Robert Diamond, president of the British bank **Barclays** PLC, said at a debate on rethinking financial-systemic risk. "I've seen no evidence that shrinking banks and making banks...more narrow is the answer," Mr. Diamond said, criticizing the U.S. proposals.

If regulators try to eliminate the risk of banking crises entirely, said Alessandro Profumo, chief executive of Italian lender **Unicredit**, the result will be "a very inefficient system, and I think we are moving towards that."

That argument is falling on deaf ears at Davos.

Jean-Claude Trichet, president of the European Central Bank, said the financial crisis has fundamentally changed the relationship between the banks and government because taxpayer money was used to rescue the financial system.

"We were very close to a full-fledged depression had the government not stepped in," said Mr. Trichet. "We put taxpayer money at risk to guarantee loans at banks ... a gigantic amount."

Deutsche Bank's Mr. Ackermann on Thursday held lengthy private talks with more than 30 top bankers on the edge of the Davos conference, to agree on a common line for negotiations with governments. The hope: a constructive offer to regulators would take some of the heat off banks.

The talks lasted five hours, but the group struggled to find common ground.

"We've tried before, but we aren't going to be able to come up with an agreement," said one of Europe's top investment bankers: "We're too competitive with one another."

One group enjoying the bankers' pain at the global capitalism-fest in Davos was the trade-union movement. "We were never sure if we were really welcome here. This time, we are speaking on panels, we have a seat at the table," said Philip Jennings, general secretary of the UNI Global Union.

Now, bankers are "at the bottom of the totem pole. They've been rumbled."

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BUSINESS & FINANCE.

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# *China banks could use incentives*

**[ The View from Hong Kong ]**

BY PETER STEIN

Last year, the world's biggest lender by market value, **Industrial & Commercial Bank of China** Ltd., reported more than $16 billion in profit for 2008, a 36% jump from the year earlier. For his efforts, the bank's top executive, Chairman Jiang Jianqing, received total compensation of about $263,000. That was after he took a government-mandated 10% pay cut.

The same held true for his peers at China's other top lenders. All the banks posted big profits while paying their bosses a fraction of the millions earned by their counterparts in the West, whose banks in some cases lost billions of dollars and required government bailouts.

Those appalled by the excesses of banker compensation in New York or London might be tempted to praise China's restraint. They shouldn't.

It is true that the compensation earned by the world's highest-paid bankers has never been more controversial. Governments are forcing banks to adopt tougher pay policies. The aim, however, isn't to break the bonds between compensation and performance, but to redefine them with deferred pay, clawbacks and conditions that ensure bankers are incentivized for the long term.

This is difficult when bankers are treated, as in China, less like value creators and more like civil servants. Last year, when China's Finance Ministry ordered that the heads of the country's biggest financial institutions take a 10% pay cut, it didn't matter if they ran banks that made enormous profits. What mattered was the political theater of showing that government employees would share some of the country's pain at a time of major job losses in the manufacturing sector.

"China and the U.S. should learn different lessons" from the financial crisis, says Professor Cao Huining, academic director of the finance MBA program at Cheung Kong Graduate School of Business in Beijing. In the U.S., compensation scales for bank executives should probably be reduced, he says. But "in China,

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# Bull market shows its age

*Rampaging gains are unlikely to last as 'sweet spot' ends; market still poised to rise*

BY E.S. BROWNING

Wall Street has a cliché for times like these: The easy money has been made.

After a 64% gain for the Dow Jones Industrial Average between mid-March and Jan. 19, thanks to an unprecedented wave of government stimulus, no one expects the market to maintain its breakneck pace.

**ABREAST OF THE MARKET**

But with stocks down 6% from that Jan. 19 high, a number of analysts and investors are concerned the market could be in for a period of ragged, possibly disappointing, stock behavior.

Here is some good news: If the current market looks anything like those of the past, stocks are more likely to keep pushing higher, though at a much slower pace than in the past year.

Instead of boosting stocks on good news and betting on the future, investors lately have been using temporary stock gains as an opportunity to cash in profits, a decidedly new phase in the bull market of the past year. On Friday, the Dow finished at 10067.33, continuing its recent weakness. It is now startlingly close to the 10000 level it hadn't seen since early November.

"The 'sweet spot' for financial-market performance seems now at an end," warned Neal Soss, chief U.S. economist at Credit Suisse, in a recent commentary. Dr. Soss was one of the rare analysts who saw the big gains coming last year. Stocks won't necessarily fall heavily now, he said, but "the directional 'buy-it-'cause-it's-going-up' phase of the last nine months looks to be over."

He said investors are turning their attention away from joy that the economy has rebounded, and toward the reality that the level of economic activity seems likely to remain sub-par for a long time to come.

If the market indeed is in for a period of ups and downs now, that would be a disappointment, but hardly a surprise.

Researchers who have looked at past bull markets find that the strongest gains come in the initial months, usually followed by choppier performance once the bull market matures.

Birinyi Associates in Westport, Conn., studied nine bull markets since 1962 by breaking them into fourths and calculating the average performance for each fourth. It found an average gain of 37% in the first fourth, followed by 10% in the next fourth, 12% in the third and 22% in the last Birinyi concluded that the rampaging gains of the past 10 months are unlikely to repeat themselves.

But that doesn't mean the bull market is over, Birinyi said. The firm looked at what normally follows a market drop of more than 5% and found that the total decline, on

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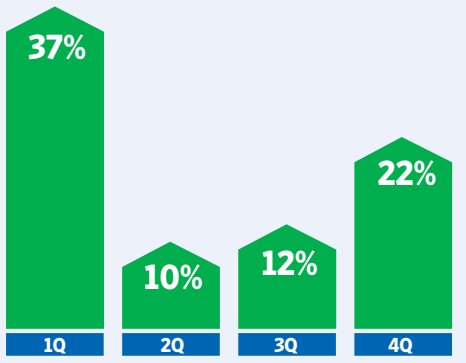
**Less juice**

The biggest gains usually come when a bull market is starting. Dividing the past nine bull markets into four quarters, chart shows average gain for each quarter. Data since 1962. Based on Standard & Poor's 500-stock index.




Source: Birinyi Associates

# Auction houses turn to China for buyers

BY KELLY CROW

Markets around the world are looking to China to buoy their financial prospects. So are art auction houses.

After a dismal year, **Sotheby's** and **Christie's International** PLC are set to begin a major round of art auctions in London on Tuesday, and experts say Chinese collectors may emerge as the latest power players to bid up Western icons they once ignored, from Pablo Picasso to Pierre-Auguste Renoir.

Auction houses are hoping the coming sales will build on a number of successful offerings— including a $48 million Raphael sold in December—that appear to indicate an art market turnaround.

The coming two weeks could be a crucial period for re-establishing price levels that have dropped amid a global recession, dealers said.

Until recently, Asians have fixated on collecting their own cultural heritage, a focus that has steadily lifted prices for everything from Imperial porcelain vases to contemporary painters such as Zeng Fanzhi. Now, an influx of collectors from mainland China, Hong Kong and Taiwan are branching out to seek artists from the 20th century Western canon, such as Claude Monet, Paul Gauguin and Edgar Degas.

Joseph Lau, a billionaire real-estate developer from Hong Kong, is one of the bigger buyers, having paid Sotheby's $39 million for Gauguin's Tahitian bathing scene, "Te Poipoi (The Morning)," in late 2008.

Christie's (2)

Christie's will offer Picasso's "Teête de femme (Jacqueline," left, for at least $4.8 million. Until recently, Asians have focused on their own cultural heritage, such as this Ming vase, which Christie's sold for $2.6 million in December.

Asian collectors, many of whom were educated in the West or travel there frequently, are seeking Impressionist artworks as new status symbols, said David Norman, co-chairman of Sotheby's Impressionist and modern art world-wide.

They are buying colored gems and Champagne for similar reasons, Mr. Norman said.

"These people are already sophisticated buyers of their own work," Mr. Norman said, "but they've got an international outlook now, and they want the best-known names in art."

Their purchasing power was evident during the last major round of auctions in New York in November, when Asian collectors won several works, including Christie's $10.7 million Degas ballet scene, "Danseuses," and Sotheby's $8.1 million Picasso portrait, "Femme au chapeau vert."

For the coming week's round of Impressionist and modern-art sales in London, expect auction houses to

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# No Korean bidders emerge for Hynix

*Lack of interest puts pressure on government to consider foreign buyers in effort to privatize giant chip maker*

By Evan Ramstad

SEOUL—No South Korean company bid for a $3 billion stake in **Hynix Semiconductor** Co. by a Friday deadline, a development that will test the government's commitment to privatizing key industries.

The lack of bidders in a prolonged auction process that ended Friday will force government officials to consider exposing the company to outside shareholders it doesn't control.

Though Hynix is a publicly traded company, the government has asserted influence over it from the moment the company was formed in 1999 by the merger of two chip makers that were struggling after a financial crisis.

When the company nearly collapsed in 2001, government-owned banks led a series of bailouts that gave them control of the company. Their goals were to build the company up, keep it in the hands of South Koreans and sell it to recover the money they put in. In the process, Hynix grew past rivals and is now the world's second-largest maker of computer memory chips by sales after **Samsung Electronics** Co., also based in South Korea.

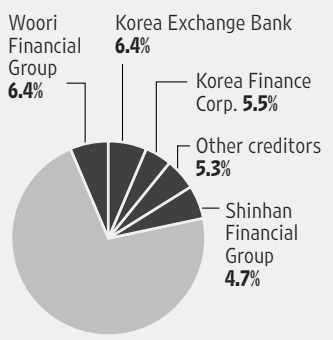
The banks' stake amounts to 28% of Hynix, valued around $3 billion. In a statement after the deadline, the leader of the creditor group, **Korea Exchange Bank**, said it would form a plan to sell down the stake in a way that allows Hynix to "maintain a stable management and corporate governance structure."

Reuters/Hynix

Employees work at a plant of Hynix in Icheon, southeast of Seoul.

**Seeking an exit**

Hynix's creditors have been seeking a way to sell down stakes in the company that resulted from a bailout nearly a decade ago.




Source: WSJ Market Data Group

Hynix shares fell 3.6% on Friday, more than the 2.4% drop of the broader Korean stock market, as investors anticipated major blocks of shares coming into the market.

In a sign that the government remains outwardly committed to letting market forces take hold in the matter, a spokesman for South Korea's Finance Ministry said on Friday that it "doesn't have any specific influence" in the Hynix stake sale.

While the banks' intervention showed how a government can save a company, the Hynix case also became an example of how hard it is for a government to let go. In 2002, **Micron Technology** Inc., a U.S.-based chip maker, attempted to buy Hynix and received support from the government. But company managers and the public were angered at the prospect of foreign ownership and Micron was forced to back off.

In the years since, Hynix's creditors waited for market and political conditions to align. Today, Hynix and other memory-chip makers are in the upswing of their price and profit cycle, lifting the company's value. President Lee Myung-bak, a businessman-turned-politician, took office in 2008 promising to shed some of the assets the government acquired in various corporate rescues.

Even so, Hynix's creditors limited their marketing effort to South Korean corporate buyers and investor groups. With no domestic company stepping forward by Friday's deadline, their desire to sell may clash with the hope that South Korean investors will continue to control the company.

"Since several of the banks are government-owned, the intention of the government will influence the intention of the banks," said Oh Soo-geun, a law professor at Ewha University in Seoul and specialist in corporate restructuring.

South Korea's government also wants to shed **Daewoo Shipbuilding & Marine Engineering** Co., the world's second-largest shipbuilding company by sales, and **Woori Finance Group**, the country's second-largest bank by assets, along with some smaller companies that it saved in the 1997-98 financial crisis.

Hynix's creditors began their push to sell in 2008 by enlisting several advisers, but they delayed the effort when equity values plunged during the global financial crisis. Last year, they sold small portions of their stake in rights offerings. They first tried selling the whole 28% stake in an open auction last September. But the only bidder, **Hyosung** Corp., backed out two months later over concerns about paying for the deal and maintaining the capital spending Hynix needs to be competitive in the chip industry.

*—Jung-ah Lee contributed to this article.*

# Samsung reports profit, puts focus on TVs, phones

By Evan Ramstad

SEOUL–**Samsung Electronics** Co. executives on Friday said the company will aim for strong sales growth in TVs and cellphones in 2010, but it will rely on its chip business to contribute the most profit.

The company, which may pass Hewlett-Packard Co. to become the world's largest technology firm by sales this year, gained share in cellphones in a depressed market in 2009 and expanded its lead in TV sales with a lucrative line of expensive, ultra-thin models.

But price competition grew in TVs in the latest few months of the year, contributing to a slight loss of momentum that appeared in Samsung's fourth-quarter results.

The company said it earned 3.05 trillion won, or $2.6 billion, in the period, a strong rebound from the loss of 20 billion won in the fourth quarter of 2008. That was Samsung's first net loss since it started reporting quarterly results in 2000.

The operating profit margin slid in its liquid crystal display business, which supplies screen components to the firm's phone and TV units and other electronics makers. And its consumer electronics unit tumbled into the red under the Korean accounting method that Samsung uses, which doesn't reflect some of its overseas operations.

Revenue in the latest quarter was 25.3 trillion won, up 37% from 18.5 trillion won a year ago. Samsung will switch to international accounting standards beginning in the first quarter.

## INDEX TO BUSINESSES AND PEOPLE

### Businesses

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### Corrections & Amplifications

**In 2006,** producing plastic water bottles for U.S. consumption required the equivalent of more than 17 million barrels of oil, not including the energy for transportation, according to the **Pacific Institute**, a California-based environmental think tank. A Tuesday Corporate News article about a new bottle marketed by **Coca-Cola** Co. incorrectly stated that producing plastic bottles for all U.S. beverage consumption required the equivalent of 17 million barrels of oil.

# Amazon halts sale of Macmillan titles

By Jeffrey A. Trachtenberg And Geoffrey A. Fowler

**Amazon.com** Inc. stopped selling print and e-book titles published by **Macmillan** in a battle over e-book pricing, according to a statement issued by Macmillan late Saturday.

The move follows last week's launch of **Apple** Inc.'s iPad device, which is expected to shake up the publishing industry by competing with Amazon's Kindle e-reader and by enabling publishers to set their own retail prices on their books.

Macmillan Chief Executive John Sargent said he visited Amazon on Thursday in Seattle to discuss "new terms of sales for e-books" and that by the time he returned to New York, he had been informed Macmillan's e-books would be for sale on Amazon.com only "through third parties," according to the statement, which appeared as an advertisement on publishing-industry Web site PublishersMarketplace.com.

An Amazon spokesman didn't respond immediately to a request for comment regarding Mr. Sargent's statement.

Amazon, the leading e-book seller in the world, now faces the prospect of publishers demanding the same terms they receive from Apple. People familiar with Amazon's action said the move by the online retailer, which targets not only e-books but hardcover and paperback titles, signals its unhappiness with the prospect that e-book prices may rise in coming months as a result of Apple's e-book debut.

Macmillan, a unit of Germany's Verlagsgruppe Georg von Holtzbrinck GmbH, and one of the largest publishers in the U.S., boasts such top sellers as "Sarah's Key" by Tatiana de Rosnay and "Wolf Hall" by Hilary Mantel. Neither was available for purchase on Amazon's Kindle e-reader on Sunday.

How long Amazon will continue not to sell Macmillan titles—and whether the move will spread to other publishers who also want Amazon to charge more for e-books—remains unclear.The move could be only temporary. Amazon has marketed its Kindle e-reader by trumpeting its wide selection of books.

Macmillan was one of five major publishers that said they would begin selling their e-books on Apple's new iBooks store, a key feature of the iPad. Publishers have agreed to a new pricing model with Apple, under which they will set their own e-book prices, with Apple taking 30% of the revenue. They are expected to price many e-book titles at $12.99 and $14.99, with fewer carrying the $9.99 price that Amazon currently charges on most best-sellers.

It is expected that publishers will now seek to do business with Amazon and other e-book retailers on the same terms as with Apple. By setting their own prices, publishers would be able to eliminate discounting on Amazon and elsewhere that they believe threatens the long-term business model of publishing.

Macmillan e-books were still available for sale on Sunday at the e-bookstore at Barnes & Noble.com, a unit of **Barnes & Noble** Inc. **Kobo** Inc., a Toronto-based e-book retailer, also said that it is continuing to sell Macmillan's e-book titles. Added Bob LiVolsi, the founder and CEO of independent e-book retailer **BooksOnBoard.com**, based in Austin, Texas: "As a matter of policy we won't do anything to shut down a publisher because of pricing."

Amazon on Thursday brushed aside questions about competition with the iPad, as the online retailer reported profit and sales that paint it as a big winner in snagging consumer dollars.

The Seattle-based company reported a blockbuster fourth quarter, expanding its share of American retail during an otherwise flat holiday season for stores. Earnings rose 71%, driven by a 42% increase in sales that stretched across media and electronics.

A day after Apple's splashy entry into the digital book market, Amazon Chief Financial Officer Tom Szkutak said Amazon is "very excited" about its Kindle business and that "millions of people" now own one of the devices. Responding to a question about competition from the iPad, he said, "We believe that readers deserve a dedicated device."

Over the holiday period, in the face of heavy discounting from bigger competitors, Amazon increased operating margin to 5% from 4.1% a year earlier.

Amazon's fourth-quarter profit rose to $384 million, or 85 cents a share, from $225 million, or 52 cents a share.

Revenue increased to $9.52 billion from $6.7 billion.

# Chevron profit skids 37%

*Oil giant takes hit from refining losses as economy saps demand*

By Isabel Ordonez

**Chevron** Corp.'s fourth-quarter profit fell 37% due to losses in its refining-and-marketing business, a segment the oil company said will continue to struggle amid weak demand for fuels.

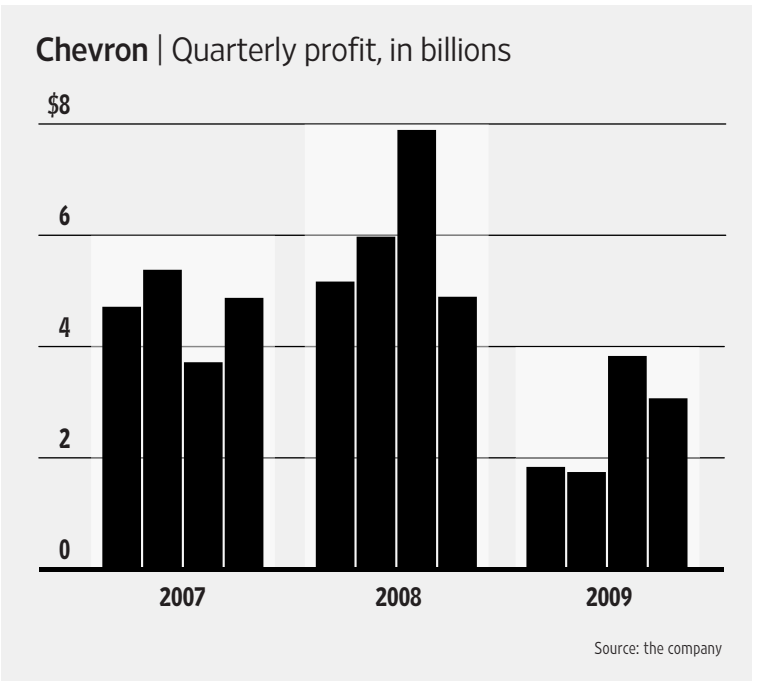
Chevron, like other oil companies with large refining operations, has taken a hit to earnings as the sluggish economy damps sales of gasoline and diesel.

"We're certainly not satisfied with our downstream results in 2009," Chevron Chief Executive John Watson said Friday in a conference call with analysts.

Mr. Watson said it is premature to talk about closing or selling refineries, as some independent fuel producers have done recently. Chevron, however, said earlier this month it plans to restructure its refining-and-retail business, including exiting some markets and cutting jobs.

"We are shifting to a simpler and less costly organization to improve returns and remain competitive in this difficult environment," Mr. Watson said. The San Ramon, Calif., company will elaborate on the restructuring plan at a meeting for Wall Street analysts in March, he said.

Chevron, the second-largest U.S. oil company by market value after Exxon Mobil Corp., posted a profit of $3.07 billion, or $1.53 a share, in the fourth quarter, down from $4.9 billion, or $2.44 a share, a year earlier. Results for the prior year included an asset-exchange gain of $600 million. Revenue increased 7.7% to $48.68 billion.




Losses of $613 million at the company's downstream business, which manufactures and distributes gasoline, diesel fuel and other refined products, overshadowed improved exploration-and-production results that benefited from higher energy output and oil prices.

Chevron increased production by 9.3% to 2.78 million barrels a day for the latest quarter and by 6.7% to a daily average of 2.7 million barrels for the full year. The increases were driven by new projects in the U.S. and Nigeria and expansion at the Tengiz project in Kazakhstan. Chevron's output in 2008 was cut by hurricanes, Oppenheimer & Co. analyst Fadel Gheit noted.

# China auto-sales growth to slow

By Patricia Jiayi Ho

BEIJING—China's vehicle sales will likely grow to about 15 million units this year, a Chinese official predicted, reinforcing expectations of a significant deceleration from the nearly 50% growth in 2009 that enabled China to surpass the U.S. as the world's largest car market.

Chang Xiaocun, head of the Ministry of Commerce's market system development office, said Friday he believes rising incomes and the extension of government support for the auto industry will enable sales to hit the 15 million mark. That would suggest growth of slightly more than 10% from the 13.6 million units sold in 2009.

The official's forecast is in line with projections by many global auto makers, who have forecast growth of 10% to 15% for China this year. Sales in 2009 grew 46%, making China the most important growth market for auto makers.

Analysts have said China's auto sales will slow this year because government incentives last year likely pulled forward demand.

Beijing has narrowed the tax cut for purchases of vehicles with engines of 1.6 liters and under this year, making the sales tax for such cars 7.5%, from 5% in 2009. However, the government has also extended a subsidy program for some car purchases in rural areas, and raised to between $732 and $2,635 the subsidy for a program to encourage drivers to replace older, polluting vehicles, from a previous maximum of $878.

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Reuters(L); Associated Press

The Borgata in Atlantic City (above left) was built in 2003, making it the city's newest casino. While it is faring better than its Atlantic City rivals, prospects aren't as bright there as for the MGM Grand in Macau, right.

# MGM Mirage to sell Borgata

*Amid dispute with gambling regulator, company would sell its stake in New Jersey casino*

For years, New Jersey regulators have raised concerns about the suitability of casino company **MGM Mirage**'s business partner in China. Now, MGM Mirage has an answer: cash out of Atlantic City.

*By **Alexandra Berzon**, **Jonathan Cheng** And **Jeffrey McCracken***

The company plans to divest its 50% stake in the Borgata casino resort, a person with knowledge of the negotiations said last week. Although it has been scouting for buyers it hasn't come to a deal, according to two people with knowledge of the talks.

MGM Mirage hopes that its plan to sell its Atlantic City interests will convince New Jersey regulators to agree to curtail their regulatory oversight of the company. Any additional scrutiny has the potential to cause problems with MGM Mirage's business elsewhere.

MGM Mirage disclosed last year that New Jersey's Division of Gaming Enforcement had issued a confidential report saying the company should disassociate from Pansy Ho, MGM Mirage's joint venture partner in Macau. It labeled her an "unsuitable" business partner.

The filing didn't elaborate on why Ms. Ho was deemed unsuitable. But in 2005, New Jersey's Division of Gaming Enforcement reviewed MGM Mirage's Macau joint venture with Ms. Ho and submitted a report to the state gaming commission noting that "over the years there have been numerous public allegations suggesting that Stanley Ho, the father of MGM's joint venture partner Pansy Ho, has ties to Asian organized crime." Mr. Ho has never faced charges and has disputed the accusations.

Spokespeople for Ms. Ho haven't responded to requests for comment.

A person familiar with the situation said MGM Mirage is seeking an agreement with New Jersey to avoid a hearing before the New Jersey Casino Control Commission and a potential ruling that the company isn't fit to do business in the state. Such a ruling could precipitate inquiries in other states where MGM Mirage operates or damp enthusiasm for a possible initial public offering of the Macau joint venture's assets on the Hong Kong Stock Exchange later this year.

MGM Mirage spokesman Alan Feldman said the company disagrees with the report deeming Ms. Ho an unsuitable partner. He declined to elaborate. Peter Aseltine, a spokesman for New Jersey's Division of Gaming Enforcement, declined to comment.

Nevada regulators, after a two-year review, cleared MGM Mirage's Macau partnership, determining that the relationship posed no threat to MGM or to the state of Nevada, according to Nevada Gaming Control Board member Randall Sayre. Two other states—Illinois and Michigan—haven't undertaken reviews. MGM Mirage said Mississippi discussed the Macau partnership with the company but didn't investigate further.

MGM Mirage's decision to leave Atlantic City is an indication of how the broader gambling business has shifted to Asia. Gambling revenues in Atlantic City are at their lowest point in more than a decade, while Macau is expanding rapidly. Macau has now surpassed Las Vegas in gambling revenue and showed 48% year-over-year growth in December.

MGM Mirage had initially tried to enter Macau as the enclave was opening up to foreign investment in 2002, but wasn't among the three concession winners. It then partnered with Ms. Ho in the MGM Macau Grand. The joint-venture still has the smallest market share of the Chinese territory's six licensed operators, but MGM Mirage believes it is poised to grow.

In the past, Ms. Ho has said that she is independent of her father. However, she is, among other things, managing director of Hong Kong-listed **Shun Tak Holdings** Ltd., which her father founded and continues to run as executive chairman. Ms. Ho also sits on the board of the holding company through which Mr. Ho controls **SJM Holdings** Ltd. She acquired her license from her father's SJM, which in 2004 sold its one casino "subconcession" to her joint-venture with MGM.

Analysts say MGM Mirage's share of a Hong Kong offering could be as high as $500 million, which could help relieve its debt from U.S. casino projects.

In Atlantic City, MGM Mirage owns half of the Borgata hotel, along with partner **Boyd Gaming** Corp., which manages the property. It had an original price tag of $1.1 billion when it opened in 2003. Boyd and MGM Mirage have since invested an additional $600 million.

The Borgata's gambling revenue declined 5.9% last year compared to a decline of 13.2% for Atlantic City as a whole.

Potential buyers so far have shown little interest in meeting MGM Mirage's asking price for its half, according to people with knowledge of the situation. Those talks included several investors and casino companies. Among them was Boyd, which has the right to match any offer. The company has been asking for between $700 million and $850 million for its stake, representing a multiple of 7-8 times earnings before interest, taxes and amortization, according to several people familiar with the talks.

Interested buyers feel the business is worth about $500 million to $550 million, said these people.

A Boyd spokesman declined to comment. Mr. Feldman said he could not comment.

# Chip rebound helps narrow Toshiba's loss

By Juro Osawa

TOKYO—**Toshiba** Corp. said Friday its net loss for its fiscal third quarter narrowed from a year earlier, as its memory-chip business recovered amid demand for mobile gadgets and higher memory prices.

Toshiba's results are an indication of the global recovery trend in the semiconductor sector, as strong demand for computers and smart phones, such as **Apple** Inc.'s iPhone, are boosting chip prices.

The Japanese company, whose major businesses include chips, consumer electronics and nuclear-power-plant facilities, said its group net loss shrank to 10.63 billion yen ($117.8 million) in the three months ended in December, from a loss of 121.14 billion yen a year earlier.

Toshiba posted an operating profit of 10.22 billion yen for the quarter, a turnaround from a loss of 157.68 billion yen. Revenue rose 6.1% to 1.578 trillion yen.

The company attributed its net loss mainly to costs involved in restructuring and disposal of assets.

**Fujitsu** Ltd., meanwhile, said its semiconductor operations returned to profit for the first time in seven quarters in the quarter ended in December. The company, which also supplies information-technology services, posted a net profit of 4.1 billion yen in its fiscal third quarter, recovering from a year-earlier loss of 40.7 billion yen.

Toshiba said semiconductors, previously a drag on earnings, generated about 4.7 billion yen in profit in the fiscal third quarter, causing the losses from the overall electronic-device segment to narrow.

For the fiscal year ending in March, Toshiba cut its revenue forecast to 6.4 trillion yen from 6.8 trillion yen. It continues to forecast a net loss of 50 billion yen and an operating profit of 100 billion yen. Toshiba said it won't pay any dividend at the end of the fiscal year.

# Suzlon Energy reports profit amid stake sale

By Eric Yep

MUMBAI—**Suzlon Energy** Ltd. of India swung to a fiscal third-quarter profit, helped by a gain from selling a stake in a Belgian unit and not having to incur charges for repairing wind-turbine blades.

Consolidated net profit for the October-December period totaled 141 million rupees ($3.1 million), compared with a net loss of 648.7 million rupees a year earlier.

Suzlon sold about 35% of its holding in Hansen Transmissions International NV of Belgium last year, and the wind-turbine maker recorded a profit of 2.52 billion rupees from the deal in the most recent results. Suzlon still holds about 26% of the gearbox maker.

Last year, Suzlon fixed cracks in some of its turbines. The company incurred a retrofit charge of 2.33 billion rupees in the third quarter of last year, but didn't face such charges in the latest quarter.

Consolidated total revenue fell 19% to 56.08 billion rupees from 69.43 billion rupees.

# KT swings to quarterly loss but outlook is bright

By In-Soo Nam

SEOUL—**KT** Corp. said Friday it swung to a net loss in last year's fourth quarter as labor costs related to heavy job cuts ballooned, but analysts expect the rigorous restructuring to improve its profitability.

Amid tough competition in South Korea's telecom market, where nearly everyone holds at least one mobile phone, KT, the country's largest fixed-line operator and second-largest mobile carrier by revenue, has been aggressively seeking new business opportunities. The company absorbed its wireless unit, KT Freetel, in June to roll out all-in-one packages bundling its fixed-line and wireless services.

"KT is a compelling restructuring story," said Daniel Jin, an analyst at Shinhan Investment Corp. "The market's confidence in the management's ability to carry through restructuring has been enhanced."

KT posted a net loss of 448.3 billion won (US$390.7 million) for the three months ended Dec. 31, compared with a net profit of 20 billion won a year earlier.

The result was worse than expected: Analysts polled by Seoul-based market research firm FnGuide had forecast a net loss of 327.8 billion won. In late December, KT cut nearly 6,000 jobs, or 16% of its total work force, under an early retirement program to improve labor productivity and better compete with top mobile carrier **SK Telecom** Co.

The restructuring will help the company save 460 billion won annually in labor costs starting this year, KT said at the time.

Reflecting 876.4 billion won in one-time costs related to the job cuts, KT posted an operating loss of 549.5 billion won in the fourth quarter, reversing from an operating profit of 259.7 billion won. Sales rose 4.8% to 4.748 trillion won from 4.532 trillion won.

Excluding the one-time expenses, KT said it would have posted an operating profit of 326.9 billion won.

# Mattel's Barbie fuels rising net

## *Doll's sales aid an 86% gain in quarter*

By Mary Ellen Lloyd

Barbie is back, posting her biggest sales rise in years. **Mattel** Inc.'s iconic doll and a big improvement in overall profitability helped the largest U.S. toy maker generate an 86% increase in fourth-quarter earnings.

Mattel executives on Friday expressed optimism about the company's 2010 revenue prospects, citing strong sales of such toys as Barbie's townhouse, Matchbox and the holiday sell-out Mind Flex game, as well as an improved lineup of toys based on movies and television shows.

Chairman and Chief Executive Robert Eckert said, "2009 set the stage for what I'm confident will be a strong year for Mattel in 2010 and for years to come."

Analysts said Mattel's year-end inventories were in good shape, which could bode well for retailer restocking trends in the first half of this year.

The largest U.S. toy maker reported a profit of $328.4 million, or 89 cents a share, up from $176.4 million, or 49 cents, a year earlier. The periods included tax benefits of eight cents a share and 13 cents, respectively.

Despite a 12% increase in Barbie sales, its overall sales were lackluster, with revenue climbing 1% to $1.96 billion. Sales fell 2% in the U.S., where Mr. Eckert said Mattel lost "a little bit" of market share, mostly as a result of fewer toys tied to entertainment than last year.

Analysts polled by Thomson Reuters had most recently forecast earnings of 68 cents a share on $1.98 billion in revenue for the El Segundo, Calif., company.

While sales were below Wall Street forecasts, profitability was well above expectations.

Price increases earlier in the year helped push gross profit to 53.4% of sales from 46%. That's higher than company's often-cited long-term target of 50%, Wedbush Morgan analyst Chris White said in a note to clients. Operating margin rose more than four percentage points to 13.5%.

Mattel executives said they expect increased pressure from rising commodity costs this year compared to 2009, but the company is on track to generate $180 million to $200 million in annual savings from its previously announced efforts to lower costs. And Mattel has raised prices on some of its new items, though overall, it doesn't expect big price increases for the year, executives said.

"We will price our products consistent with our goals of long-term operating margin of 15% to 20%," Mr. Eckert said.

Toy makers all year worked to bring inventories in line with demand hurt by the global economic woes. In October, Mr. Eckert said the company's inventories and those at retailers were better-prepared for the holiday season than they were a year earlier.

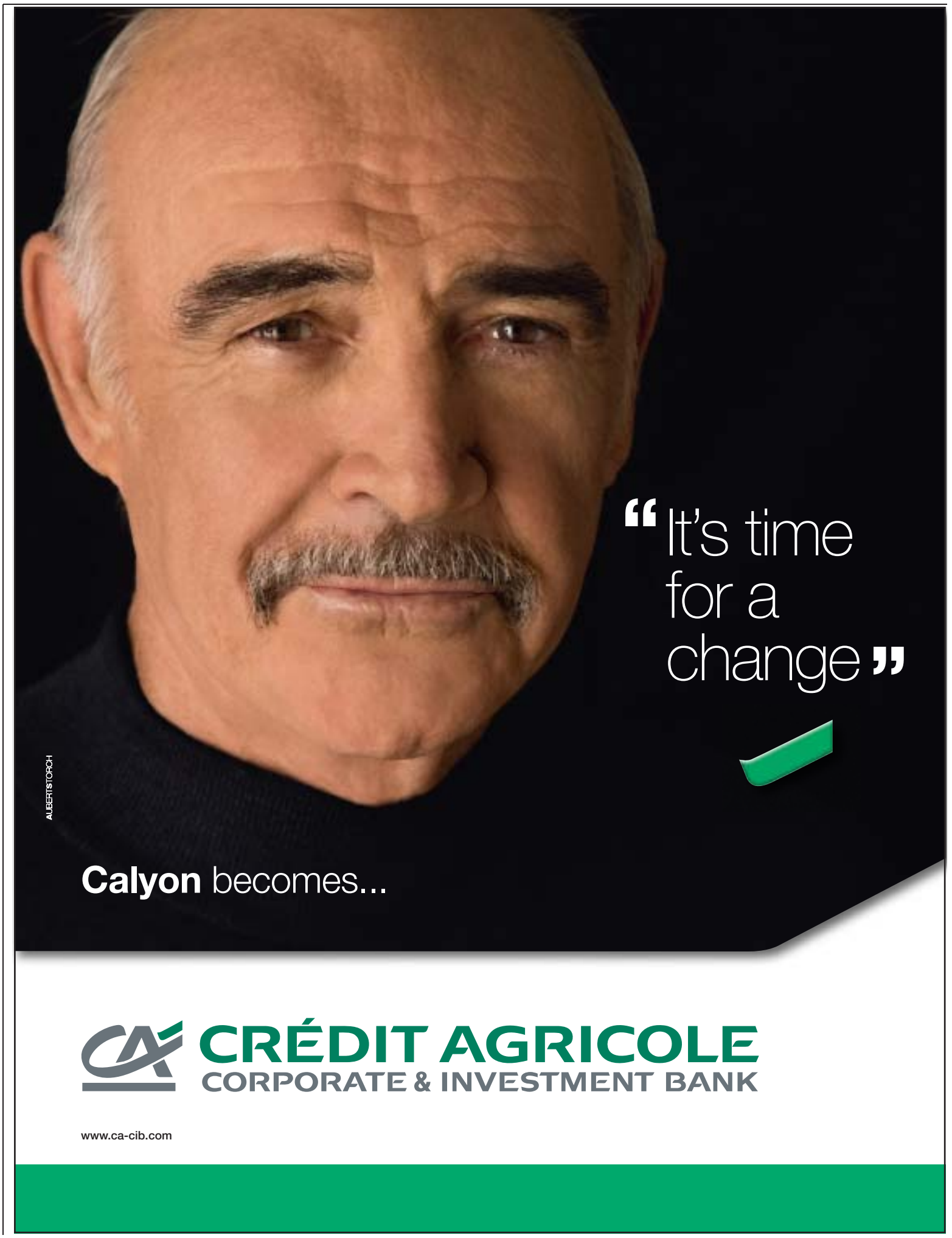
By year end, inventories were down a whopping 27% from last year to their lowest level since year-end 2002, White said.

Sales of Mattel's girls and boy brands unit, its biggest arm and the one that includes Barbie and Hot Wheels, jumped 4% from a year ago amid the strong Barbie sales and an 11% increase in sales at its Wheels segment, which includes Hot Wheels, Matchbox and Tyco R/C.

Meanwhile, Mattel's sales of Fisher-Price toys fell 3%, and its American Girl sales were flat.

Associated Press

Sales of Barbie, above, rose 12% in the fourth quarter, helping Mattel's profit to nearly double.



CORPORATE NEWS: THE TOYOTA RECALL

# Toyota prepares an ad on crisis

*Auto maker to run 'open letter' in newspapers in response to concerns among customers*

By Kate Linebaugh

DETROIT—**Toyota Motor** Corp.'s problems continued to mount Friday, as the auto maker said it was recalling 1.8 million vehicles in Europe and dealers said they were starting to feel the pinch after the company halted U.S. sales of eight of its top-selling vehicles.

In response to growing concerns among customers, Toyota is gearing up to run an "open letter" in major newspapers Sunday and Monday in the top 25 markets in the U.S., according to people familiar with the plan.

The ad will be one of the first attempts by Toyota to publicly address the crisis. Analysts have already begun to measure the initial impact on Toyota's sales. The company is also planning "an informative announcement sometime next week," spokesman Brian Lyons said.

Edmunds.com, an automotive Web site, estimated Toyota's market share in the U.S. is likely to drop to 14.7% in January, its lowest level in four years. Toyota's market share stood at 18.2% in December.

Rivals **Ford Motor** Co. and **General Motors** Co., which have launched new initiatives targeting Toyota customers, said this week they expect a double-digit January U.S. sales increase.

On Friday, Toyota gave details of its European recall. It said its Aygo, iQ, Yaris, Auris, Corolla, Verso, Avensis and RAV4 models are all affected by the gas-pedal problem and the recall will affect some models made as far back as February 2005.

Associated Press

A delivery driver unloads a Toyota Highlander from a truck at a dealership in Seattle on Wednesday.

Including Friday's action in Europe, the Japanese company has now recalled 9.5 million vehicles since late last year over two issues—5.4 million for floor mat entrapment issues and 4.1 million for a sticky gas pedal problem. That is 22% more than the 7.8 million vehicles Toyota sold world-wide last year.

Restarting sales in the U.S.—its largest market—is key for Toyota. It is expected to report robust quarterly earnings this week thanks to its cost-cutting efforts, but analysts said extended troubles in the U.S. could derail its return to profits in the year ending March 31. Last year, Toyota posted its first annual loss in 59 years.

Toyota dealers in the U.S. say they are spending more time fielding calls from existing customers than tempting shoppers to buy unaffected vehicles. And that is hurting sales.

Earl Stewart, who owns a Toyota dealership in North Palm Beach, Fla., expects to lose sales of about 50 vehicles—or 20% of his business—this month because of the recall. Eddie Triplett, general manager of a Toyota dealership in Cleveland, Tenn., says sales will be off 15%.

Brian Johnson, an automotive analyst at Barclays Capital, expects Toyota to see its market share decline each week the shut down is in effect and it will modestly erode overall industry sales numbers as some buyers may wait for the safety issue to be resolved rather than jump to a competitor.

Ford Friday said it is funneling more money to dealers in hopes they boost advertising to grab Toyota customers. Ford sales analyst George Pipas said traditionally Ford has had a hard time stealing away Toyota customers, adding that only about 6% of new Ford vehicle customers had traded-in a Toyota. Mr. Pipas expects industry-wide U.S. retail sales in January to fall 5% to 10% compared with January 2009.

*—Yoshio Takahashi and Jeff Bennett contributed to this article.*

# U.S. safety agency's potency questioned

By Josh Mitchell And Melanie Trottman

The growing crisis at **Toyota Motor** Corp. is raising new questions about whether the U.S. agency tasked with overseeing auto safety has adequate resources to spot trends and move quickly to alert the public to vehicle defects.

The National Highway Traffic Safety Administration had been leaderless for a year until David Strickland took office this month. Auto-safety experts say the absence of a chief may have affected the response to Toyota's sticking-accelerator problems.

"When you have a strong leader, the agency, on its most controversial things before it, is much more likely to take action," said Joan Claybrook, who served as NHTSA administrator under President Jimmy Carter's administration. "The administrator says, 'What's going on here? We've got to get this thing taken care of.' "

An NHTSA representative said the absence of an administrator didn't affect the response to the Toyota problems, as "we had an acting deputy administrator that provided leadership."

Auto-safety experts have warned for years that the NHTSA lacks the manpower and resources to monitor safety defects associated with increasingly complex vehicle technology. They said the issue is sure to take a central role as the U.S. Congress prepares to hold hearings on the Toyota recall of some five million vehicles and the NHTSA's response to reported problems that date back several years.

In a budget overview for the fiscal year that began in October, the agency said it needed $121 million in additional funds to help support an authorized staffing level of 635 full-time equivalents, "which has been significantly eroded over the past two years."

Associated Press

Rep. Fred Upton (R., Mich) with a Firestone tire during a 2001 hearing.

Ms. Claybrook said her agency had close to 800 employees and a budget that, adjusted for inflation, was nearly twice the size of the current budget.

Sean Kane, president of Safety Research and Strategies, a Massachusetts-based safety-research firm, said he has raised concerns about what he views as a lack of technical resources for regulators to spot trends. "This has been a longstanding issue," Mr. Kane said.

He has raised questions about an NHTSA database known as the Early Warning Reporting system, which is used to track deaths and injuries associated with vehicle defects. He said the database suffered from funding problems and delays and has never been used effectively.

In 2000, in response to a problem with Firestone tires, Congress passed the Transportation Recall Enhancement, Accountability and Documentation Act, or Tread. The law established stiff penalties for auto makers found to have misled regulators.

The Tread Act, from which the EWR database stemmed, was designed to speed regulators' response to safety problems. Lawmakers are zeroing in on why several years lapsed after complaints came into the NHTSA about sudden acceleration of Toyota vehicles before the Japanese auto maker recalled several of its models. Toyota on Friday said it "fully complies with the requirements" of the Tread Act and the NHTSA's requirements.

The NHTSA on Thursday said it took all steps necessary to respond to the Toyota problems. The agency didn't respond to questions Friday about staffing. Transportation Secretary Ray LaHood last week said Toyota has followed the law in its response to the problems, and an NHTSA official said Toyota hasn't been fined as a result of the safety problems.

# How lean manufacturing can backfire

By Daisuke Wakabayashi

TOKYO—Born in the factories of **Toyota Motor** Corp. and adopted by manufacturers world-wide, "lean manufacturing" reduces waste, creates efficiencies and helps companies continuously shave production costs.

But Toyota's recent problems highlight how certain elements of this approach—using common parts and designs across product lines and reducing the number of suppliers to procure parts in greater scale and at lower cost—can backfire when quality-control issues arise.

Toyota has used **CTS** Corp., of Elkhart, Ind., to supply gas pedals for eight models whose sales have been suspended in the U.S. due to safety concerns.

Such risks are magnified as companies expand globally and offer their products in greater volume. Also, the growing technological complexity of everything from cars to electronics makes it harder for manufacturers to diagnose problems in the early stages before the issue becomes more widespread.

David Meier, co-author of "The Toyota Way Fieldbook" and founder of a consulting firm on lean manufacturing, said there is a trade-off with standardizing parts across the company. "The cost may be decreased in the short term, but the risk is increased," said Mr. Meier, a former group leader at Toyota's plant in Kentucky.

While manufacturers are aware of the potential risks, the intense competition within the car industry makes sharing parts across different models necessary, said Yoshinori Iizuka, a University of Tokyo engineering professor.

"It takes a huge amount of cost to develop one car. Unless companies share parts among models, they cannot win," said Mr. Iizuka, a former head of the Japanese Society for Quality Control, a group studying quality-management technology.

Constant declines in the prices of electronic gadgets have also increased the competitive pressure for electronics manufacturers to turn to parts standardization and streamline their supplier base.

Coming off its first annual loss in 14 years, Sony Corp. formed a division last year to handle procurement across the company and decided to cut its number of suppliers by more than half. In the past, procurement was handled separately by Toyota's various business divisions. Sony has said these measures will result in savings of 500 billion yen, or $5.5 billion.

Rival Panasonic Corp. has been standardizing parts across products for years to reduce costs. That practice was a factor behind one of the company's biggest product recalls ever in 2007. Matsushita Electric Industrial Co., which would later become Panasonic, recalled three million microwave ovens, clothes dryers and refrigerators, which shared common electric parts that could overheat and catch fire.

"There is a lot of emphasis of cost reduction and streamlining, but something can slip by and have a big impact," said Kailash C. Kapur, a University of Washington professor of industrial and systems engineering, who has worked with General Motors Co. and Ford Motor Co.

*—Miho Inada contributed to this article.*

# Market malaise trips Asian IPOs

*Investors shy away from risk, but bankers say offering window remains open*

By Ellen Sheng And Amy Or

HONG KONG—**SouthGobi Energy Resources** Ltd.'s slumped in its Hong Kong debut Friday, becoming the latest Asian initial public offering to get caught up in market jitters.

Market watchers in Asia say the recent poor trading performance of IPOs underscores weak market sentiment and an aversion to riskier investments.

Concerns about China's decision to tighten bank-lending standards and fresh evidence that the global recovery will be slow prompted investors to re-evaluate emerging markets in the past week.

"We're in the middle of a correction. You can't be enjoying a tail wind when there's a correction in the market," said Khiem Do, fund manager at Baring Asset Management in Hong Kong.

Three companies that listed during the week fell victim to the adverse market conditions.

SouthGobi, Mongolia's largest coal producer by export sales, which raised US$462 million from its IPO, dropped as much as 16% on its first trading day Friday and closed at 112 Hong Kong dollars (US$14.42), 11% below its HK$126.04 offer price.

Analysts also cited concerns about SouthGobi's flagship Ovoot Tolgoi mine, which according to its prospectus is expected to produce eight million metric tons of coal a year beginning in 2012, up from 1.5 million tons in 2009.

Francis Lun, general manager at Fulbright Securities, said he expected the stock to fall on concern that some of SouthGobi's projects may not be completed as planned.

Russian aluminum giant UC **Rusal**, which raised US$2.2 billion in Hong Kong, fell 11% on its debut Wednesday and shed an additional 1% over the last two sessions. It closed at HK$9.48 Friday, compared with the offer price of HK$10.80.

In Shanghai, **China XD Electric** Co. fell below its IPO price Thursday after analysts had expected shares to rise 10%. Subscriptions to Chinese IPOs have been heavy in recent years, practically guaranteeing a sharp rise on their trading debuts. But high valuations are making some investors reconsider. XD Electric's IPO price was about 30 times estimated 2009 earnings.

Singapore's **Tiger Airways Holdings** Ltd. closed Friday at 1.46 Singapore dollars (US$1.04), 2.7% below its IPO price of S$1.50, despite having recorded a 5.3% gain on its first day. It raised about US$178 million before listing on Jan. 22.

The caution toward Asian equities is reflected in recent fund-flow data. According to fund-flow tracker EPFR Global, investors pulled out of global emerging-market equity funds in the final week of January, breaking an 11-week streak of net inflows. Investors also pulled out of Indian equity funds for the first time in 12 weeks.

But despite the recent debut declines, bankers said they don't expect the strong pipeline of upcoming IPOs to be affected.

"Liquidity remains strong, and we don't see the recent weakness in the market impacting the IPO pipeline for the coming year: Fundamentals remain strong," said Mark Williams, UBS Asia joint head of equity capital markets. "Issuers are conscious of the strong pipelines, and recent volatility could prompt some to try to execute their fund raising at the front end of that pipeline."

Several multibillion-dollar deals are under way,. India's divestment of a 8.38% stake in state-owned mining company **NMDC** Ltd. for an estimated US$3.8 billion is expected Monday.

*—Yvonne Lee contributed to this article.*

**No support**

Worst performing Asian IPOs since August last year. Share price fall on first day of trade.

| China South City (Exchange: Hong Kong) | Wemade Entertainment (S.Korea) | Peak Sport Products (Hong Kong) | Tong Yang Life Insurance (S. Korea) | DEN Networks (India) |
|---|---|---|---|---|
| –23% | –18% | –17% | –17% | –16% |

| Shengli Oil & Gas Pipe (Hong Kong) | Glorious Property (Hong Kong) | Indiabulls Power (India) | Metallurgical Corp. of China (Hong Kong) | SouthGobi Energy Resources (Hong Kong) |
|---|---|---|---|---|
| –16% | –15% | –13% | –12% | –11% |

Source: Dealogic

## *Auction houses turn to China*

*Continued from page 21*

market their roster of offerings to suit.

On Wednesday, Sotheby's will try to sell Paul Cézanne's smoky-colored still life, "Pichet et fruits sur une table," for at least $16.1 million, and "Femme Couchée" by Henri Matisse for at least $5.6 million.

Christie's, meanwhile, is offering Picasso's 1963 "Tête de femme (Jacqueline)," a blue portrait of the artist's second wife that is priced to sell for at least $4.8 million.

The auction house said it sought out the work after late-period Picassos turned up in several gallery and museum surveys last year, including one at the National Gallery.

A highly anticipated Picasso exhibit is also going up at the Metropolitan Museum of Art in New York this spring.

Other bidders to watch include Russian and Ukrainian collectors, many of whom slowed their art spending last year but also seem to be back and bidding up hometown favorites such as Natalia Goncharova and Sonia Delaunay.

Ms. Goncharova's red floral "Espagnole," from around 1916, is priced to sell at Christie's for at least $6.4 million.

Christie's is also offering "La Gitane" by Kees van Dongen for at least $8.9 million.

Overall, Sotheby's and Christie's expect to bring in at least $365.3 million combined, up 56% from $234 million last February but down from $964 million in 2008.

## *China's modest bank pay*

*Continued from page 21*

we should look hard at increasing incentives for CEOs to earn higher returns for the bank, and to reduce corruption." Commercial reasons, too, partly explain the modest pay at Chinese banks. For one, they have no revenue superstars. The sort of high-risk deals that earned Western banks some of their biggest profits aren't allowed in China's market.

When engaged in more sophisticated activities, "you need a sophisticated banker who needs to be compensated more," says Tzeitel Fernandes, head of the compensation practice in Hong Kong at consulting firm Hewitt Associates.

China's lenders also operate in a protected market in which the spread between their cost of funds and the interest rates they charge on loans is fixed. It isn't clear that making profits on that spread should earn you a big bonus.

The connection between pay and performance can be tenuous, too, when Chinese banks get themselves into trouble. They still largely lend when ordered to—as they were last year as part of a huge government-orchestrated stimulus plan. If a large number of the loans extended in a rush last year turn bad, as many analysts expect, whose pay packages should reflect the losses: those of the bankers, or the government leaders who gave them their orders?

Higher pay or the use of long-term incentives alone won't help China's banking system, just as it didn't help Wall Street or the City in London. But their eventual emergence could signal that welcome market forces are being brought to bear on some of the world's biggest lenders.

**What China's top bankers make**

Compensation of the heads of China's biggest listed banks in 2008

**Jiang Jianqing**
ICBC
**$262,935**

**Guo Shuqing**
China Construction Bank
**$229,830**

**Xiao Gang**
Bank of China
**$220,748**

$1 = 6.83 yuan

Source: the companies

Photos: Associated Press (Shuqing), Bloomberg News (Jianqing, Gang)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HEAD OF GROUP OPERATIONAL RISK MANAGEMENT
United Overseas Bank Group

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MARKETS

# Oil stockpile on tankers shrinks

By Guy Chazan

The huge floating stockpile of crude oil kept on tankers amid a global supply glut is showing signs of shrinking, as traders struggle to make profits from the once highly lucrative storage play.

The volume being stored at sea has nearly halved from a peak of about 90 million barrels in April last year, according to ship broker **ICAP**. The total is expected to fall even further.

Some analysts have seized on the contraction as evidence that world oil balances are tightening and the surplus that built up during the recession, when energy demand in industrialized countries plummeted, is eroding.

Crude stocks both onshore and offshore have fallen from their peak in the second quarter of last year, and land-based inventories in Japan, U.S. and Europe are now back to the middle of their five-year range. Analysts expect them to continue to shrink this year. J.P. Morgan has even spoken of the risks of a price spike.

But the move to sell stored offshore oil means one group of energy speculators doesn't anticipate such a spike in prices anytime soon. One reason may be that appetite for oil in industrialized countries, which plummeted during the recession, remains depressed. Demand in the U.S. shrank 2% in the last four weeks from a year earlier and supply is still plentiful. Spare capacity in oil-producing countries remains high.

That has put pressure on prices. Benchmark oil for March delivery fell 75 cents to $72.89 a barrel Friday, despite a big jump in U.S. gross domestic product. Oil prices were down more than 12% from a 2010 high of just over $83, reached on Jan. 6.

**Moving onshore** | Number of very large crude oil carriers storing crude oil offshore

Bloomberg News

Oil tankers are anchored near the port of Long Beach, Calif.

The phenomenon of floating storage took off early last year. Oil on the spot market traded at a big discount to forward-dated contracts, in a condition known as contango. Traders took advantage of that by buying crude and putting it into storage on tankers for sale at a higher price at a future date. Profits from the trade more than covered the costs of storage.

According to ICAP, at its peak in April last year, there were about 90 million barrels of crude oil in floating storage on the huge tankers known as very large crude carriers, or VLCCs—a total equivalent to more than the world's daily oil consumption of about 85 million barrels.

But the spread between prompt crude-oil prices and forward prices has narrowed in recent weeks, while freight rates have increased, reducing the incentive to store oil.

The contango has narrowed to around 40 cents a barrel, and "to cover your freight and other costs you need at least 90 cents," said Torbjorn Kjus, an oil analyst at **DnB** NOR Markets.

ICAP said there were currently 21 trading VLCCs offshore with some 43 million barrels of crude, clustered in places like the North Sea and the Gulf of Mexico. Seven of these are expected to discharge in February and one more in March. So far, it appeared those discharged cargoes wouldn't be replaced by new ones.

"I haven't seen any fixtures for VLCC storage in the last two weeks," said Simon Newman, ICAP's senior tanker analyst. "That would imply that storage looks set to fall in the short term."

Assuming there are no new fixtures, the amount of crude in storage could sink to 27 million barrels by March, the lowest level since late 2008. But while crude stocks may be falling, the huge offshore stockpile of refined products shows little sign of diminishing. U.S. demand for distillates like heating oil was down 8% year-on-year in early January.

# Japanese banks report a profit rebound

By Atsuko Fukase

TOKYO—Japan's financial institutions saw their profits rebound in the April-December period as financial markets recovered from the turmoil in the previous year.

**Mizuho Financial Group** Inc., the country's second-largest bank by assets, said Friday that it swung into profit in the nine-month period thanks to reduced credit costs and smaller losses from equity holdings. Mizuho, which had a loan exposure of about 95 billion yen ($1.06 billion) to **Japan Airlines** Corp. as of Dec. 31, said write-downs related to the failed airline were reflected in the earnings.

Net profit for the group came to 126.28 billion yen for the nine months ended Dec. 31, compared with a net loss of 50.55 billion yen in the same period a year earlier. But group revenue declined to 2.133 trillion yen from 2.777 trillion yen.

Midsize lender **Aozora Bank** Ltd. also returned to the black in the April-December period thanks to reduced credit costs as well as gains in trading. Aozora, whose leading shareholder is U.S. private-equity fund Cerberus Group, said group net profit came to 7.31 billion yen compared with a loss of 109.37 billion yen. The bank raised its net profit forecast for the fiscal year ending March 31 to seven billion yen from five billion yen.

Japan's fourth-largest bank, **Resona Holdings** Inc., enjoyed a 5.6% rise in net profit as a result of lower credit costs. It posted a group net profit of 121.12 billion yen, compared with 114.66 billion yen.

The strong figures show Japanese banks are recovering from the dire business environment of the previous year, But they still face problems such as bad loans, shrinking demand for loans and a global trend toward tighter capital regulations for financial institutions.

Major trust banks also reported solid results for the April-December period. **Chuo Mitsui Trust Holdings** Inc. said net profit more than tripled year-to-year to 26.66 billion yen from 9.17 billion yen.

Meanwhile, **Daiwa Securities Group** Inc. enjoyed a third consecutive quarter of net profit as a result of solid performance from trading and investment-banking operations. The firm posted 26.37 billion yen in profit for the October-December period, compared with a net loss of 53.04 billion yen in the same period a year earlier.

These financial institutions all base their earnings on Japanese accounting standards.

# *Rampaging gains seen ending as bull market shows age*

*Continued from page 21*

average, was 9%. In less than 10% of cases did a 5% decline lead to a drop of 20% or more, signaling the end of the bull market. Only one-fourth of the time did it lead to a drop of more than 10%.

The research firm also looked at the bull market that began in 1982, which started with a huge gain similar to the one stocks have just turned in. The big initial 1982 gain was followed by a 9% decline over the next 12 months, after which the bull market picked up steam again.

Birinyi used data on the Standard & Poor's 500-stock index, and its research suggests that the average bull market lasts four years. Although there have been wide variations in bull-market durations, and although the recent rebound has been particularly unusual, Birinyi's opinion is this bull market has longer to run.

Ned Davis Research in Venice, Fla., has done its own work, using the Dow and going back to the beginning of the 20th century. It has come to a less bullish conclusion, though it also argues that the bull market likely isn't over yet.

The research firm, like Birinyi, found that the biggest gains come at the bull market's beginning. But its work suggests that bull markets average only two years in duration, in part because their research includes data from before the 1960s. And Ned Davis believes that the current bull market could be shorter than that.

"We could be getting into the last third of the bull market," said Ed Clissold, senior global analyst at Ned Davis Research.

Like Birinyi, Ned Davis doesn't believe that the January decline is a sign of an imminent end to the bull market, in part because it hasn't yet seen the excesses of investor optimism or the narrowing of the broad market gains that usually precede a bull market's end.

But it is warning of a more-serious setback, and possibly the end of the bull market, some time in the spring or summer.

One sign to watch for is what analysts call a rotation away from lower-quality stocks—the small stocks and once-troubled concerns such as banks that have led the recent gains. As a bull market matures, investors look for bigger, safer-seeming stocks with steadier earnings.

If investors see signs that small stocks and more-volatile stocks are beginning to lag behind, they may begin to shift away from such shares, which would be another sign that the bull market is aging.

With stocks still up well over 50% from their lows, investor expectations have risen and the market has entered a "show-me" phase. To justify continued gains, analysts said, investors need to be surprised by economic and corporate news. In January, their expectations were too high for the news to satisfy them.

# *Market looks for evidence of job growth*

**[ Ahead of the Tape ]**

By Kelly Evans

Friday's report of 5.7% growth by the U.S. economy in the fourth quarter was a glimpse of what a strong recovery looks like.

With unemployment still high, though, most economists saw the surge as a hollow victory.

This week, three economic barometers that provide a first look at activity in January could show the recovery has some staying power.

On Monday, the Institute for Supply Management's manufacturing index is expected to hit 55.3 for January.

That would be the sixth month in a row that the index would be above the level of 50, which indicates manufacturing growth, though the index has lost some of its earlier momentum.

A level of 55 corresponds to annualized gross-domestic-product growth of about 4.5%, suggesting the U.S. economy is carrying decent momentum into the first quarter after its strongest performance in six years.

The catch: Is the growth creating jobs?

ISM's manufacturing employment index has topped the magic number of 50 for two of the past three months, but the service-sector employment gauge has been much slower to recover.

In December, ISM's nonmanufacturing employment index came in at an uninspiring 43.6.

The nonmanufacturing sector employs nearly nine out of 10 U.S. workers.

Economists expect the nonmanufacturing index to remain below 50 when the January report is released Wednesday, though the headline index is likely to cross back into expansion.

The disappointment could be allayed if Friday's much-anticipated employment report from the Department of Labor shows the nation added jobs in January, after the loss of 85,000 in December and a drop of roughly eight million since the recession began.

"Our view is companies have gotten so aggressive in cutting hours and payrolls that we're now going to see some improvement," says Richard Berner, chief U.S. economist at Morgan Stanley.

Morgan Stanley expects a gain of 75,000 jobs in January, above the average economists' forecast for a flat reading.

Such a pace of job growth is still only about half of what is typically needed to keep the unemployment rate from rising. Economists expect unemployment to hit 10.1% in January, which would be its fourth consecutive month at or above 10%.

If that seems at odds with the economy's recent strength, keep in mind that the unemployment rate is usually one of the last places that economic recovery shows up.

# Macquarie in talks on asset sale

By Bill Lindsay

SYDNEY—**Macquarie Group** Ltd. said it is in talks to sell the management rights of some of its real-estate assets, as it continues to cut ties with many of its remaining listed satellite funds.

The Australian investment bank and **Charter Hall Group**, a property fund manager and developer, said Friday they are in discussions about the possible acquisition of parts of Macquarie's "real-estate funds management platform."

**Macquarie Countrywide Trust** and **Macquarie Office Trust**, the two largest listed real-estate investment trusts managed by Macquarie subsidiaries, said the acquisition could include their managers.

David Southon, joint managing director of Charter Hall, said his firm is also considering co-investment in those existing vehicles.

"This is not an asset play, we're a specialist fund manager and we see this as a logical extension to our existing business" by aligning the firm's interest with investors in the funds, Mr. Southon said.

The talks continue Macquarie's moves to distance itself from the listed-funds model it pioneered over the last 15 years, as it chases further expansion in the U.S. and Europe and reshapes itself into primarily a global trading and advisory business. In the last seven months, it has severed its management ties over separately listed funds that house airport, theme-park, media and toll-road assets and has bought a number of niche advisory and investment firms offshore.

Charter Hall and Macquarie said the acquisition talks are "incomplete and subject to a number of conditions," with no certainty that any transaction will proceed. But Mr. Southon said he is confident of an agreement.

Bloomberg News

Macquarie Group is discussing a sale of part of its 'real-estate funds management platform' to Charter Hall Group.

"This one we think has a fairly good chance of moving forward, given they're quality portfolios and quality people managing them, and it makes very good strategic sense" for both parties, he said.

Talks began last year and are expected to be finalized within a few weeks as Charter Hall continues due diligence on the management entities and teams Macquarie has in place and the composition of the funds, including asset, debt and income profiles, Mr. Southon said.

Macquarie's real-estate funds management platform includes three funds listed on the Australian Stock Exchange and a number of unlisted property funds under its direct property management arm.

A spokeswoman for Macquarie declined to comment on whether any of these other assets, including **Macquarie DDR Trust**, a U.S. community shopping center REIT managed jointly with **Developers Diversified Realty** Corp., are part of the sale discussions.

Macquarie Countrywide owns stakes in more than 200 supermarket-anchored retail properties in the U.S., Australia, New Zealand and Europe, but is undertaking a 2.3 billion Australian dollar (US$2.06 billion) asset-sale program to deleverage its balance sheet and refocus on its core Australia and New Zealand markets.

The trust, which slumped more than 90% in value during the global financial crisis, is midway through the sale of 86 properties in the U.S., about 80% of its assets there, for US$1.3 billion.

Similarly, Macquarie Office, which owns key office buildings primarily in Australia and the U.S., also shed more than 95% of its value during the 15 months through March 2009, as stretched balance sheets and falling asset values forced it to sell assets and raise equity at depressed prices.

# Fannie and Freddie chase bad mortgages

By Nick Timiraos

It is payback time for **Fannie Mae** and **Freddie Mac** on some mortgages sold to the finance companies by lenders.

Stuck with about $300 billion in loans to borrowers at least 90 days behind on payments, Fannie and Freddie have unleashed armies of auditors and other employees to sift through mortgage files for proof of underwriting flaws. The two mortgage-finance companies are flexing their muscles to force banks to repurchase loans found to contain improper documentation about a borrower's income or outright lies.

The result: Freddie required lenders to buy back $2.7 billion of loans in the first nine months of 2009, a jump from $1.2 billion a year earlier. Fannie won't disclose its figure, but trade publication Inside Mortgage Finance said Fannie made $4.3 billion in loan-repurchase requests in the first nine months of 2009.

"Because taxpayers are involved, we're being very vigilant," said Maria Brewster, who oversees Fannie's repurchase team. "No taxpayer should have to pay for a business decision that caused a bad loan to be sold to Fannie Mae."

The get-tough stance comes amid pressure on Fannie and Freddie to make the most out of more than $100 billion in taxpayer funds they got to stay afloat. The U.S. government took them over in September 2008.

The biggest losers are likely to be **Bank of America** Corp., **J.P. Morgan Chase** & Co. and other mortgage lenders when the housing bubble burst. Such lenders also are being deluged with loans kicked back to them by holders of mortgage-backed securities who uncover deficiencies with loans bundled into the pools. One common example: a borrower who said the loan was for an owner-occupied home but used it for a second house.

Overall, banks repurchased about $14.2 billion in loans from holders of mortgage-backed securities in the first nine months of last year, up from $3.6 billion a year earlier, according to Barclays Capital. The figures are based on data reported to regulators by federally insured banks and savings institutions.

Forced loan buybacks threaten to "wipe out a significant portion of the [loan] origination profits...made in the last year," said Nicholas Strand, a Barclays analyst.

Strong-arming lenders to swallow loans that were guaranteed by Fannie and Freddie helps cushion the mortgage-finance companies from defaults, though repurchases represent a sliver of all defaulted loans.

Fannie reported Thursday that borrowers of 5.29% of the loans it guarantees were at least 90 days behind as of November, up from 2.13% a year earlier. Fannie guarantees $2.9 trillion in loans.

At Freddie, such delinquencies reached 3.87% at the end of December, up from 1.72% a year earlier.

While growth in subprime defaults is slowing, defaults on prime loans are accelerating. Such loans account for 90% of all mortgages guaranteed by Fannie and Freddie.

"Delinquency rates are up, so it's not surprising" that buyback demands are up, said Brad German, a Freddie spokesman. "Consequently, the number of loan put-backs will reflect that."

Keefe, Bruyette & Woods analysts warned that repurchases would "contribute to further weakness in mortgage banking profitability in 2010, which is difficult for an industry that will already have to cope with materially lower production volume."

The Federal Housing Administration, which has seen its market share rise and its capital reserves decline during the past two years, has indicated it is considering more aggressive steps to force banks to pick up the tab on certain loans that default.

The FHA doesn't lend money to home buyers but insures lenders against default on loans that meet the agency's criteria.

To spurn a mortgage, Fannie and Freddie must conduct a forensic analysis to find misrepresentations, as they now are doing for millions of delinquent loans. Employees zero in on loan pools with the steepest losses and highest likelihood of faulty underwriting.

Many of the loans bounced back to lenders were made in late 2007 and early 2008, before underwriting standards were toughened by Fannie, Freddie and most banks, said Guy Cecala, publisher of Inside Mortgage Finance.

In 2003, Fannie and Freddie bought or guaranteed $2.2 trillion of mortgages. Their combined market share fell to about 40% during the peak of the housing boom as Wall Street and other private issuers ramped up business.

Since the market's collapse in 2007, Fannie and Freddie's market share has swelled to about 70%.

Bank of America repurchased nearly $4.5 billion of loans during the first nine months of 2009, according to data compiled by Barclays. That was triple the $1.5 billion repurchased in all of 2008. Some of the bad mortgages were made by Countrywide Financial Corp., which was acquired by the Charlotte, N.C., bank in 2008. A bank spokeswoman declined to comment.

At J.P. Morgan, total buyback demands rose to $5.3 billion in 2009 from $4 billion in 2008, according to Barclays. The New York company, which bought the failed banking operations of Washington Mutual Inc. in 2008, reported higher reserves for loan repurchases in the fourth quarter.

"It's early on that score," J.P. Morgan Chief Financial Officer Michael Cavanagh said when asked in January about the outlook for loan buybacks. A bank spokesman declined to comment.

# CME in line for indexes of Dow Jones

By Jeffrey McCracken

**CME Group** Inc. has emerged as the leading contender to buy Dow Jones & Co.'s index business, several people familiar with the matter said. But the talks recently hit a snag, after Dow Jones pressed for new deal terms and a higher price, near $700 million, these people said.

The two sides had hoped to announce a deal in the past week.

The latest haggling has made a transaction less certain, these people said.

That could present an opening for market-index firm **MSCI** Inc., which has also been in discussions for months with Dow Jones and its owner, **News Corp.** Dow Jones is the publisher of The Wall Street Journal.

Dow Jones has for months been negotiating to sell the unit, which manages the flagship Dow Jones Industrial Average.

A purchase would be a new step for the CME, which operates the Chicago Mercantile Exchange, and has a strong position in commodities, futures and options trading.

The latest haggling could present an opening for market-index firm MSCI Inc.

MSCI has in recent weeks shifted its attention to acquiring **RiskMetrics Group** Inc. the risk-analysis and investment-research firm, these people said. MSCI's interest in RiskMetrics then prompted MSCI to hire an investment bank to weigh other offers. Various media groups and private-equity funds are pondering bids for RiskMetrics, said people familiar with the discussions.

A Dow Jones spokesman declined to comment, as did an MSCI spokeswoman. A CME Group spokeswoman said the company "does not comment on rumor or speculation."

News Corp., which bought Dow Jones in 2007, has already written down half the $5.6 billion it paid for the publisher. A sale of the index group would help recoup some of those losses.

In November, Dow Jones announced a deal to sell its one-third interest in the Stoxx Ltd. stock-indexing business for $308.8 million to joint-venture partners Germany's Deutsche Börse and Switzerland's SIX Group AG.

Dow Jones has in recent months been giving a thorough review of its index business.

The unit contributes about $90 million in annual revenue to Dow Jones, according to people familiar with the matter.

Its most famous product is the 114-year-old Dow Jones Industrial Average, but it also calculates thousands of different indexes used as the basis for investment products such as mutual funds.

MSCI, a former unit of Morgan Stanley, specializes in building market indexes and calculates tens of thousands of stock real-estate investment-trust indexes daily. It also produces computerized tools for investors such as pension funds and hedge funds.

MARKETS

# Dollar set to rise again as U.S. data strengthen

By Bradley Davis

The dollar appears poised to advance on its rivals this week as investors focus on a U.S. economy that is outpacing the euro zone and Japan.

The dollar could rack up especially large gains if Friday's U.S. monthly employment report comes in better than expected. The labor market is seen as the key piece in the puzzle over when the Federal Reserve will increase U.S. interest rates.

**CURRENCY MARKETS**

"The focus will be very much on how the economic data [play] out," said Vassili Serebriakov, a foreign-exchange strategist at Wells Fargo in New York. "Stronger numbers will influence rate expectations going forward."

Also bolstering the dollar's prospects is continued concern over festering sovereign-debt problems in the euro zone. Investors are worried that a severe fiscal crisis in Greece could spread to Portugal or even Spain. Those concerns, especially in contrast to an improving U.S. economy, sent the euro last Friday to its lowest level in more than six months against the dollar.

After falling below $1.39 Friday, the euro could sink this week as far as $1.36, according to Citigroup technical analysts.

The dollar should trade this week between 89.75 yen and 92 yen, according to Andrew Chaveriat, a foreign-exchange strategist at BNP Paribas in New York.

Late Friday in New York, the euro was at $1.3863, down from $1.3972 late Thursday. The dollar rose to 90.25 yen from 89.86 yen, while the euro was at 125.12 yen from 125.55 yen. The U.K. pound fell to $1.5982 from $1.6131. The dollar was at 1.0599 Swiss frances from 1.0607 francs.

The ICE Dollar Index, which tracks the greenback against a trade-weighted basket of currencies, was at 79.339 from 78.880, hitting its highest level since August.

Encouraging U.S. data, such as the gross-domestic-product reading released Friday that topped expectations, should help the dollar this week, especially after the Fed painted a slightly rosier picture of the economy when it left its benchmark interest rate unchanged last week.

"We're seeing the recovery gain traction," said Omer Esiner, a senior market analyst at Travelex Global Business Payments in Washington. "That revives speculation [that interest rates] could move sooner than previously thought."

Ultra-low interest rates have weighed on the dollar, and positive economic data increase the chances the Fed will tighten monetary policy, with the labor market seen as key, analysts said.

The January nonfarm payroll numbers Friday are expected to be flat from the prior month, after missing economists' expectations for December's reading.

# Asian markets decline, ending a sour January

By Shri Navaratnam And V. Phani Kumar

Technology and resource shares fell across the region Friday, as most markets ended January on a weak note.

"The tightening coming out of China and the expectation of more tightening coming out of India are making people concerned that what had been a disproportionate source of growth over the past year is starting to be under pressure," said Bob Browne, chief investment officer at Northern Trust Global Investments.

**ASIAN-PACIFIC STOCKS**

Japan's Nikkei Stock Average of 225 companies dropped 2.1% to 10198.04, a five-week low. The index lost 3.7% for the week and is now down 3.3% for the year, after posting losses in eight of the last 10 sessions.

Among major indexes in January, China's Shanghai Composite lost 8.8%, closing Friday at 2989.29, Hong Kong's Hang Seng Index fell 8% to 20121.99, Australia's S&P/ASX 200 slid 6.2% to 4569.62 and South Korea's Kospi ended the month down 4.8% at 1602.43.

In Tokyo, **Advantest** slumped 10% after the maker of chip-testing equipment surprised markets by saying it expects to post a loss for the fiscal year ending in March.

**NEC** lost 3.7% as its third-quarter net loss disappointed investors. **Elpida Memory** dropped 9% despite showing its first quarterly profit in more than two years.

In Seoul, **Samsung Electronics** dropped 3% despite swinging to a profit in the fourth quarter. The company said it expects earnings to improve in the current quarter on stronger chip prices.

Resources stocks around the region also fell.

In Sydney, **BHP Billiton** slid 3.2% and **Rio Tinto** sank 4.8%. **Pacific Metals** dropped 2.3% in Tokyo and Korea Zinc lost 2% in Seoul. In Hong Kong, **Zijin Mining** shed 2.2% and **Aluminum Corp. of China** gave up 2.9%.

In Hong Kong, **Li & Fung** surged 10% after the company signed a strategic alliance with Wal-Mart Stores.

# FUND SCORECARD

## Sector Equity Other

funds have meaningful sector concentrations, but do not fit in a Sector Equity category. funds invest at least 75% of total assets in equities. They concentrate their assets in less than four sectors, and invest more than 10% of equity assets in each of those sectors. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending January 29, 2010

### Leading 10 Performers

| FUND RATING * | FUND NAME | FUND MGM'T CO. | CURR. | LEGAL BASE | % Return in $US ** YTD | 1-YR | 2-YR | 5-YR |
|---|---|---|---|---|---|---|---|---|
| NS | **eQ Emerging Agri Sector 2** | AS Trigon Funds | EUR | Estonia | **2.83** | 142.44 | NS | NS |
| NS | **DnB NOR Navigator** | DnB NOR Kapitalforvaltning AS | NOK | Norway | **0.73** | 89.55 | -16.32 | 17.11 |
| NS | **DnB NOR Navigator (I)** | DnB NOR Kapitalforvaltning AS | NOK | Norway | **0.64** | 87.15 | -16.62 | NS |
| NS | **AmGlobal Agribusiness** | AmInvestment Services Berhad | MYR | Malaysia | **0.48** | 79.97 | -5.85 | NS |
| NS | **ESPA Stock Agriculture A** | ERSTE-SPARINVEST KAG | EUR | Austria | **-2.97** | 63.34 | NS | NS |
| NS | **BlackRock Commodities Income Inv Trust** | BlackRock Investment Managers | GBP | United Kingdom | **-4.75** | 62.04 | -13.35 | NS |
| NS | **CAAM Funds Global Agriculture C** | Crédit Agricole-LCL | USD | Luxembrg | **-1.63** | 60.33 | NS | NS |
| NS | **FIM Brands** | FIM Varainhoito Oy | EUR | Finland | **-3.74** | 54.13 | -8.01 | 3.26 |
| NS | **Allianz RCM Global Agricult Trds A EUR** | Allianz Global Investors Luxembourg S.A. | EUR | Luxembrg | **-2.54** | 49.54 | NS | NS |
| NS | **ODIN Maritim** | ODIN Forvaltning AS | NOK | Norway | **4.28** | 42.47 | -20.84 | 7.26 |

**NOTE**: Changes in currency rates will affect performance and rankings.
**KEY**: ** 2YR and 5YR performance is annualized
**NA**-not available due to incomplete data;
**NS**-fund not in existence for entire period

**Source**: Morningstar, Ltd
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*www.ahw-capital.com*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| AHW Top-Div.Int. | GL | EQ | LUX | 01/28 | EUR | 49.69 | -9.0 | 22.0 | -25.1 |

AllianceBernstein

■ ALLIANCE BERNSTEIN
*www.alliancebernstein.com/investments Tel. +800 2263 8637*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| Am Eq Blend A | OT | OT | LUX | 01/28 | USD | 10.00 | -3.6 | 25.6 | -12.5 |
| Am Eq Blend B | US | EQ | LUX | 01/28 | USD | 9.38 | -3.8 | 24.4 | -13.4 |
| Am Growth A | US | EQ | LUX | 01/28 | USD | 29.55 | -5.4 | 29.4 | -3.1 |
| Am Growth AX | US | EQ | LUX | 01/28 | USD | 31.91 | -5.4 | 30.1 | -2.5 |
| Am Growth B | US | EQ | LUX | 01/28 | USD | 24.82 | -5.5 | 28.1 | -4.1 |
| Am Growth C | US | EQ | LUX | 01/28 | USD | 26.73 | -5.4 | 28.8 | -3.5 |
| Am Growth I | US | EQ | LUX | 01/28 | USD | 32.77 | -5.3 | 30.4 | -2.3 |
| Am Income A | US | BD | LUX | 01/28 | USD | 8.48 | 0.6 | 25.2 | 5.8 |
| Am Income A2 | US | BD | LUX | 01/28 | USD | 19.23 | 1.0 | 25.1 | 5.7 |
| Am Income A2 | OT | OT | NA | 01/28 | HKD | 149.39 | 1.0 | 25.1 | 5.7 |
| Am Income AT | OT | OT | NA | 01/28 | HKD | 65.96 | 1.0 | 25.0 | 5.7 |
| Am Income AT | US | BD | LUX | 01/28 | USD | 8.49 | 1.0 | 25.0 | 5.7 |
| Am Income B | US | BD | LUX | 01/28 | USD | 8.48 | 0.6 | 24.2 | 4.9 |
| Am Income B2 | US | BD | LUX | 01/28 | USD | 16.56 | 0.9 | 24.2 | 5.0 |
| Am Income B2 | OT | OT | NA | 01/28 | HKD | 128.65 | 0.9 | 24.2 | 5.0 |
| Am Income BT | OT | OT | NA | 01/28 | HKD | 66.34 | 0.9 | 24.3 | 5.0 |
| Am Income BT | US | BD | LUX | 01/28 | USD | 8.54 | 0.9 | 24.3 | 5.0 |
| Am Income C | US | BD | LUX | 01/28 | USD | 8.48 | 0.6 | 24.6 | 5.2 |
| Am Income C2 | US | BD | LUX | 01/28 | USD | 24.63 | 0.9 | 24.5 | 5.2 |
| Am Income I | US | BD | LUX | 01/28 | USD | 8.48 | 0.6 | 26.0 | 6.4 |
| Am Value A | US | EQ | LUX | 01/28 | USD | 8.31 | -2.6 | 13.8 | -12.2 |
| Am Value B | US | EQ | LUX | 01/28 | USD | 7.65 | -2.5 | 12.8 | -13.0 |
| Am Value C | US | EQ | LUX | 01/28 | USD | 8.31 | -2.6 | 13.4 | -12.5 |
| Am Value I | US | EQ | LUX | 01/28 | USD | 8.95 | -2.5 | 14.9 | -11.4 |
| Emg Mkts Debt A | GL | BD | LUX | 01/28 | USD | 15.51 | -0.3 | 42.2 | 7.7 |
| Emg Mkts Debt A2 | GL | BD | LUX | 01/28 | USD | 20.14 | 0.1 | 42.3 | 7.8 |
| Emg Mkts Debt AT | GL | BD | LUX | 01/28 | USD | 15.62 | 0.1 | 42.4 | 7.8 |
| Emg Mkts Debt B | GL | BD | LUX | 01/28 | USD | 15.51 | -0.3 | 40.9 | 6.7 |
| Emg Mkts Debt B2 | GL | BD | LUX | 01/28 | USD | 19.38 | 0.1 | 40.9 | 6.7 |
| Emg Mkts Debt BT | GL | BD | LUX | 01/28 | USD | 15.59 | 0.1 | 40.9 | 6.7 |
| Emg Mkts Debt C | GL | BD | LUX | 01/28 | USD | 15.51 | -0.3 | 41.6 | 7.3 |
| Emg Mkts Debt C2 | GL | BD | LUX | 01/28 | USD | 19.78 | 0.1 | 41.7 | 7.3 |
| Emg Mkts Debt I | GL | BD | LUX | 01/28 | USD | 15.51 | -0.3 | 42.9 | 8.3 |
| Emg Mkts Growth A | GL | EQ | LUX | 01/28 | USD | 32.28 | -6.8 | 66.9 | -11.4 |
| Emg Mkts Growth B | GL | EQ | LUX | 01/28 | USD | 27.34 | -6.9 | 65.3 | -12.3 |
| Emg Mkts Growth C | GL | EQ | LUX | 01/28 | USD | 27.97 | -6.9 | 66.2 | -11.8 |
| Emg Mkts Growth I | GL | EQ | LUX | 01/28 | USD | 35.80 | -6.8 | 68.2 | -10.7 |
| Eur Growth A | OT | OT | LUX | 01/28 | USD | 9.45 | -3.7 | 22.2 | -13.8 |
| Eur Growth A | OT | OT | LUX | 01/28 | EUR | 6.77 | -3.7 | 22.2 | -13.8 |
| Eur Growth B | OT | OT | LUX | 01/28 | EUR | 6.08 | -3.8 | 20.9 | -14.7 |
| Eur Growth B | OT | OT | LUX | 01/28 | USD | 8.49 | -3.8 | 20.9 | -14.7 |
| Eur Growth C | EU | EQ | LUX | 01/28 | EUR | 5.12 | -3.9 | 21.3 | -14.2 |
| Eur Growth I | OT | OT | LUX | 01/28 | USD | 10.30 | -3.8 | 23.0 | -13.1 |
| Eur Growth I | OT | OT | LUX | 01/28 | EUR | 7.38 | -3.8 | 23.0 | -13.1 |
| Eur Income A | OT | OT | LUX | 01/28 | EUR | 6.72 | 1.8 | 42.2 | 5.7 |
| Eur Income A | OT | OT | LUX | 01/28 | USD | 9.38 | 1.8 | 42.2 | 5.7 |
| Eur Income A2 | OT | OT | LUX | 01/28 | EUR | 13.15 | 2.2 | 42.0 | 5.6 |
| Eur Income A2 | OT | OT | LUX | 01/28 | USD | 18.35 | 2.2 | 42.0 | 5.6 |
| Eur Income AT | EU | BD | LUX | 01/28 | EUR | 6.73 | 2.3 | 41.9 | 5.6 |
| Eur Income B | OT | OT | LUX | 01/28 | EUR | 6.72 | 1.8 | 41.3 | 5.0 |
| Eur Income B | OT | OT | LUX | 01/28 | USD | 9.38 | 1.8 | 41.3 | 5.0 |
| Eur Income B2 | OT | OT | LUX | 01/28 | EUR | 12.23 | 2.2 | 40.9 | 4.9 |
| Eur Income B2 | OT | OT | LUX | 01/28 | USD | 17.07 | 2.2 | 40.9 | 4.9 |
| Eur Income BT | EU | BD | LUX | 01/28 | EUR | 6.73 | 2.1 | 41.0 | 4.9 |
| Eur Income C | OT | OT | LUX | 01/28 | EUR | 6.72 | 1.8 | 41.6 | 5.2 |
| Eur Income C | OT | OT | LUX | 01/28 | USD | 9.38 | 1.8 | 41.6 | 5.2 |
| Eur Income C2 | OT | OT | LUX | 01/28 | EUR | 13.11 | 2.2 | 41.4 | 5.2 |
| Eur Income C2 | OT | OT | LUX | 01/28 | USD | 18.30 | 2.2 | 41.4 | 5.2 |
| Eur Income I | OT | OT | LUX | 01/28 | EUR | 6.72 | 1.8 | 42.9 | 6.2 |
| Eur Income I | OT | OT | LUX | 01/28 | USD | 9.38 | 1.8 | 42.9 | 6.2 |
| Eur Strat Value A | OT | OT | LUX | 01/28 | EUR | 8.16 | -4.3 | 20.5 | -17.6 |
| Eur Strat Value A | OT | OT | LUX | 01/28 | USD | 11.39 | -4.3 | 20.5 | -17.6 |
| Eur Strat Value I | OT | OT | LUX | 01/28 | EUR | 8.36 | -4.3 | 21.5 | -16.9 |
| Eur Strat Value I | OT | OT | LUX | 01/28 | USD | 11.67 | -4.3 | 21.5 | -16.9 |
| Eur Value A | OT | OT | LUX | 01/28 | EUR | 8.78 | -4.6 | 25.1 | -14.6 |
| Eur Value A | OT | OT | LUX | 01/28 | USD | 12.25 | -4.6 | 25.1 | -14.6 |
| Eur Value B | OT | OT | LUX | 01/28 | USD | 11.26 | -4.6 | 23.8 | -15.5 |
| Eur Value B | OT | OT | LUX | 01/28 | EUR | 8.07 | -4.6 | 23.8 | -15.5 |
| Eur Value C | OT | OT | LUX | 01/28 | USD | 11.85 | -4.5 | 24.7 | -15.0 |
| Eur Value C | OT | OT | LUX | 01/28 | EUR | 8.49 | -4.5 | 24.7 | -15.0 |
| Eur Value I | OT | OT | LUX | 01/28 | EUR | 10.15 | -4.4 | 26.2 | -13.9 |
| Eur Value I | OT | OT | LUX | 01/28 | USD | 14.17 | -4.4 | 26.2 | -13.9 |
| GI Balanced (Euro) A | OT | OT | LUX | 01/28 | USD | 15.71 | -1.8 | 20.3 | -9.6 |
| GI Balanced (Euro) B | OT | OT | LUX | 01/28 | USD | 15.30 | -1.9 | 19.1 | -10.5 |
| GI Balanced (Euro) C | OT | OT | LUX | 01/28 | USD | 15.59 | -1.8 | 20.0 | -9.9 |
| GI Balanced (Euro) I | OT | OT | LUX | 01/28 | USD | 16.02 | -1.7 | NS | NS |
| GI Balanced A | US | BA | LUX | 01/28 | USD | 16.05 | -2.6 | 24.5 | -9.6 |
| GI Balanced B | US | BA | LUX | 01/28 | USD | 15.25 | -2.7 | 23.3 | -10.5 |
| GI Balanced C | OT | OT | LUX | 01/28 | USD | 15.81 | -2.6 | 24.1 | -9.9 |
| GI Balanced C | OT | OT | LUX | 01/28 | EUR | 11.33 | -2.6 | 24.1 | -9.9 |
| GI Balanced I | US | BA | LUX | 01/28 | USD | 16.66 | -2.5 | 25.4 | -9.0 |
| GI Bond A | US | BD | LUX | 01/28 | USD | 9.34 | 1.1 | 15.1 | 4.5 |
| GI Bond A2 | US | BD | LUX | 01/28 | USD | 16.23 | 1.4 | 15.0 | 4.5 |
| GI Bond A2 | OT | OT | NA | 01/28 | HKD | 126.09 | 1.4 | 15.0 | 4.5 |
| GI Bond AT | OT | OT | LUX | 01/28 | HKD | 72.64 | 1.4 | 15.1 | 4.6 |
| GI Bond AT | US | BD | LUX | 01/28 | USD | 9.35 | 1.4 | 15.1 | 4.6 |
| GI Bond B | US | BD | LUX | 01/28 | USD | 9.34 | 1.1 | 13.9 | 3.5 |
| GI Bond B2 | US | BD | LUX | 01/28 | USD | 14.20 | 1.3 | 13.9 | 3.5 |
| GI Bond B2 | OT | OT | NA | 01/28 | HKD | 110.32 | 1.3 | 13.9 | 3.5 |
| GI Bond BT | OT | OT | LUX | 01/28 | HKD | 72.87 | 1.3 | 13.9 | 3.5 |
| GI Bond BT | US | BD | LUX | 01/28 | USD | 9.38 | 1.3 | 13.9 | 3.5 |
| GI Bond C | US | BD | LUX | 01/28 | USD | 9.34 | 1.1 | 14.6 | 4.1 |
| GI Bond C2 | US | BD | LUX | 01/28 | USD | 14.08 | 1.4 | 14.6 | 4.1 |
| GI Bond I | US | BD | LUX | 01/28 | USD | 9.34 | 1.1 | 15.7 | 5.1 |
| GI Conservative A | US | BA | LUX | 01/28 | USD | 14.75 | -0.8 | 16.9 | -3.5 |
| GI Conservative A2 | US | BA | LUX | 01/28 | USD | 16.80 | -0.8 | 16.9 | -3.5 |
| GI Conservative B | US | BA | LUX | 01/28 | USD | 14.73 | -0.9 | 15.7 | -4.5 |
| GI Conservative B2 | US | BA | LUX | 01/28 | USD | 15.95 | -0.9 | 15.7 | -4.5 |
| GI Conservative C | US | BA | LUX | 01/28 | USD | 14.74 | -0.8 | 16.3 | -4.0 |
| GI Conservative C2 | US | BA | LUX | 01/28 | USD | 16.42 | -0.8 | 16.4 | -4.0 |
| GI Conservative I | US | BA | LUX | 01/28 | USD | 14.83 | -0.7 | 17.9 | -2.8 |
| GI Eq Blend A | GL | EQ | LUX | 01/28 | USD | 11.06 | -5.1 | 29.7 | -19.5 |
| GI Eq Blend B | GL | EQ | LUX | 01/28 | USD | 10.37 | -5.3 | 28.3 | -20.3 |
| GI Eq Blend C | GL | EQ | LUX | 01/28 | USD | 10.86 | -5.2 | 29.0 | -19.8 |
| GI Eq Blend I | GL | EQ | LUX | 01/28 | USD | 11.67 | -5.1 | 30.7 | -18.8 |
| GI Growth A | GL | EQ | LUX | 01/28 | USD | 39.62 | -5.5 | 27.3 | -20.3 |
| GI Growth B | GL | EQ | LUX | 01/28 | USD | 33.05 | -5.5 | 26.0 | -21.1 |
| GI Growth C | GL | EQ | LUX | 01/28 | USD | 38.01 | -5.5 | 26.7 | -20.7 |
| GI Growth I | GL | EQ | LUX | 01/28 | USD | 44.02 | -5.4 | 28.3 | -19.7 |
| GI High Yield A | US | BD | LUX | 01/28 | USD | 4.37 | 0.9 | 57.8 | 6.0 |
| GI High Yield A2 | US | BD | LUX | 01/28 | USD | 9.40 | 1.5 | 57.7 | 5.9 |
| GI High Yield A2 | OT | OT | NA | 01/28 | HKD | 73.03 | 1.5 | 57.7 | 5.9 |
| GI High Yield AT | OT | OT | NA | 01/28 | HKD | 33.79 | 1.6 | 57.6 | 6.0 |
| GI High Yield AT | US | BD | LUX | 01/28 | USD | 4.35 | 1.6 | 57.6 | 6.0 |
| GI High Yield B | US | BD | LUX | 01/28 | USD | 4.37 | 0.9 | 55.8 | 4.7 |
| GI High Yield B2 | US | BD | LUX | 01/28 | USD | 15.10 | 1.5 | 56.2 | 4.9 |
| GI High Yield B2 | OT | OT | NA | 01/28 | HKD | 117.31 | 1.5 | 56.2 | 4.9 |
| GI High Yield BT | OT | OT | NA | 01/28 | HKD | 34.34 | 1.4 | 56.0 | 4.8 |
| GI High Yield BT | US | BD | LUX | 01/28 | USD | 4.42 | 1.4 | 56.0 | 4.8 |
| GI High Yield C | US | BD | LUX | 01/28 | USD | 4.37 | 0.9 | 57.0 | 5.4 |
| GI High Yield C2 | US | BD | LUX | 01/28 | USD | 13.93 | 1.5 | 57.0 | 5.4 |
| GI High Yield I | US | BD | LUX | 01/28 | USD | 4.37 | 0.9 | 58.9 | 6.7 |
| GI Thematic Res. A | OT | OT | LUX | 01/28 | USD | 13.95 | -5.3 | 65.3 | 0.7 |
| GI Thematic Res. B | OT | OT | LUX | 01/28 | USD | 12.19 | -5.4 | 63.6 | -0.3 |
| GI Thematic Res. I | OT | OT | LUX | 01/28 | USD | 15.56 | -5.3 | 66.6 | 1.5 |
| GI Value A | GL | EQ | LUX | 01/28 | USD | 10.59 | -4.9 | 32.0 | -18.6 |
| GI Value B | GL | EQ | LUX | 01/28 | USD | 9.72 | -5.1 | 30.8 | -19.5 |
| GI Value C | GL | EQ | LUX | 01/28 | USD | 10.29 | -5.0 | 31.6 | -19.0 |
| GI Value I | GL | EQ | LUX | 01/28 | USD | 11.27 | -4.9 | 33.2 | -18.0 |
| Greater China A | AS | EQ | LUX | 01/28 | USD | 36.95 | -7.7 | 52.5 | -13.9 |
| Greater China B | AS | EQ | LUX | 01/28 | USD | 32.67 | -7.8 | 50.9 | -14.7 |
| Greater China C | AS | EQ | LUX | 01/28 | USD | 36.47 | -7.7 | 51.8 | -14.3 |
| India Growth A | OT | OT | LUX | 01/28 | USD | 120.83 | -4.8 | NS | NS |
| India Growth AX | OT | OT | LUX | 01/28 | USD | 105.64 | -4.8 | 96.6 | -7.4 |
| India Growth B | OT | OT | LUX | 01/28 | USD | 126.48 | -4.9 | NS | NS |
| India Growth BX | OT | OT | LUX | 01/28 | USD | 90.23 | -4.9 | 94.6 | -8.3 |
| India Growth I | EA | EQ | LUX | 01/28 | USD | 109.52 | -4.7 | 97.5 | -7.1 |
| Int'l Health Care A | OT | EQ | LUX | 01/28 | USD | 137.62 | 0.1 | 17.4 | -5.4 |
| Int'l Health Care B | OT | EQ | LUX | 01/28 | USD | 115.99 | 0.0 | 16.2 | -6.4 |
| Int'l Health Care C | OT | EQ | LUX | 01/28 | USD | 131.85 | 0.1 | 16.8 | -5.9 |
| Int'l Health Care I | OT | EQ | LUX | 01/28 | USD | 150.45 | 0.2 | 18.3 | -4.7 |
| Int'l Technology A | OT | EQ | LUX | 01/28 | USD | 103.11 | -6.6 | 39.3 | -7.4 |
| Int'l Technology B | OT | EQ | LUX | 01/28 | USD | 89.27 | -6.7 | 37.9 | -8.4 |
| Int'l Technology C | OT | EQ | LUX | 01/28 | USD | 99.61 | -6.6 | 38.7 | -7.8 |
| Int'l Technology I | OT | EQ | LUX | 01/28 | USD | 115.68 | -6.5 | 40.4 | -6.7 |
| Japan Eq Blend A | JP | EQ | LUX | 01/28 | JPY | 6024.00 | 0.0 | 19.9 | -17.9 |
| Japan Eq Blend B | JP | EQ | LUX | 01/28 | JPY | 5808.00 | -0.1 | 18.7 | -18.7 |
| Japan Eq Blend C | JP | EQ | LUX | 01/28 | JPY | 5925.00 | 0.0 | 19.4 | -18.2 |
| Japan Growth A | JP | EQ | LUX | 01/28 | JPY | 5766.00 | -1.8 | 11.6 | -18.8 |
| Japan Growth B | JP | EQ | LUX | 01/28 | JPY | 5560.00 | -1.9 | 10.5 | -19.6 |
| Japan Growth C | JP | EQ | LUX | 01/28 | JPY | 5672.00 | -1.9 | 11.1 | -19.1 |
| Japan Strat Value A | JP | EQ | LUX | 01/28 | JPY | 6234.00 | 1.9 | 28.2 | -17.4 |
| Japan Strat Value B | JP | EQ | LUX | 01/28 | JPY | 6017.00 | 1.8 | 27.0 | -18.2 |
| Japan Strat Value C | JP | EQ | LUX | 01/28 | JPY | 6128.00 | 1.8 | 27.6 | -17.8 |
| Real Estate Sec. A | OT | EQ | LUX | 01/28 | USD | 13.57 | -5.4 | 36.7 | -15.6 |
| Real Estate Sec. B | OT | EQ | LUX | 01/28 | USD | 12.40 | -5.5 | 35.4 | -16.5 |
| Real Estate Sec. I | OT | EQ | LUX | 01/28 | USD | 14.59 | -5.4 | 37.6 | -15.0 |
| Short Mat Dollar A | US | BD | LUX | 01/28 | USD | 7.27 | 0.0 | 10.9 | -5.4 |
| Short Mat Dollar A2 | US | BD | LUX | 01/28 | USD | 9.82 | 0.3 | 10.8 | -5.5 |
| Short Mat Dollar AT | US | BD | LUX | 01/28 | USD | 7.27 | 0.3 | 10.9 | -5.5 |
| Short Mat Dollar B | US | BD | LUX | 01/28 | USD | 7.27 | 0.0 | 10.4 | -5.8 |
| Short Mat Dollar B2 | US | BD | LUX | 01/28 | USD | 9.77 | 0.3 | 10.4 | -5.9 |
| Short Mat Dollar BT | OT | OT | LUX | 01/28 | USD | 7.29 | 0.3 | NS | -6.1 |
| Short Mat Dollar C | US | BD | LUX | 01/28 | USD | 7.27 | 0.0 | 10.4 | -5.8 |
| Short Mat Dollar C2 | US | BD | LUX | 01/28 | USD | 13.81 | 0.3 | 10.4 | -5.9 |
| Short Mat Dollar I | US | BD | LUX | 01/28 | USD | 7.27 | 0.0 | 11.5 | -4.9 |

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| Alexandra Convertible Bond Fund I, Ltd. (Class A) | OT | OT | VGB | 11/30 | USD | 1616.75 | 66.9 | 72.1 | NS |

CREDIT PACIFIC
Private Banking & Wealth Management Group

■ CREDIT PACIFIC ASSET MANAGMENT
*www.creditpacific.com*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| CPS-Master Priv Fund | GL | OT | WSM | 01/27 | USD | 102.07 | 2.1 | 24.0 | 21.8 |

PLATINUM
CAPITAL MANAGEMENT

■ PLATINUM CAPITAL MANAGEMENT
*Tel: +44 207 024 9840, www.platinumfunds.net*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| Platinm-All Star | OT | OT | CYM | 11/30 | USD | 96.31 | 14.7 | 11.9 | -12.2 |
| Platinm-All Weather | OT | OT | USA | 10/31 | USD | 129.92 | 2.4 | 3.2 | 3.8 |
| Platinm-Dynasty | OT | OT | USA | 11/30 | USD | 113.20 | 10.2 | 10.7 | -29.6 |
| Platinm-Emancipation | OT | OT | USA | 11/30 | USD | 90.86 | 21.4 | 24.1 | -9.4 |
| Platinm-Equity Plus | OT | OT | USA | 05/29 | USD | 35.02 | -18.2 | -63.7 | -45.6 |
| Platinm-Gbl Dividend | OT | OT | CYM | 10/30 | USD | 60.64 | 29.4 | 15.3 | -31.8 |
| Platinm-Nordic | OT | OT | CYM | 11/30 | SEK | 612.68 | 12.3 | 10.4 | -17.0 |
| Platinm-Premier | OT | OT | CYM | 12/31 | USD | 21.20 | -55.9 | -66.0 | -44.3 |
| Platinm-Turnberry | OT | OT | USA | 11/30 | USD | 57.51 | NS | NS | -33.7 |

SUPERFUND

■ SUPERFUND ASSET MANAGEMENT GMBH
*For info about open funds, contact info@superfund.com and www.superfund.com*
**Closed for New Investments*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| Superfund Cayman* | OT | OT | CYM | 01/26 | USD | 35.49 | -13.0 | -58.6 | -11.2 |
| Superfund GCT USD* | GL | EQ | LUX | 01/26 | USD | 2027.00 | -7.6 | -45.6 | -6.1 |
| Superfund Green Gold A (SPC) | OT | OT | CYM | 01/26 | USD | 900.08 | -6.7 | -21.6 | 0.1 |
| Superfund Green Gold B (SPC) | OT | OT | CYM | 01/26 | USD | 841.90 | -10.0 | -37.4 | -5.4 |
| Superfund Q-AG* | OT | OT | AUT | 01/26 | EUR | 6178.00 | -6.7 | -30.0 | -0.5 |

■ WINTON CAPITAL MANAGEMENT LTD
*Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301*

| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| Winton Evolution EUR Cls H | OT | OT | CYM | 12/31 | EUR | 945.08 | NS | NS | NS |
| Winton Evolution GBP Cls G | OT | OT | CYM | 12/31 | GBP | 949.08 | NS | NS | NS |
| Winton Evolution USD Cls F | OT | OT | CYM | 12/31 | USD | 1199.12 | -5.4 | -5.4 | 2.0 |
| Winton Futures EUR Cls C | OT | OT | VGB | 12/31 | EUR | 196.82 | -4.4 | -4.4 | 7.7 |
| Winton Futures GBP Cls D | OT | OT | VGB | 12/31 | GBP | 212.85 | -4.1 | -4.1 | 8.7 |
| Winton Futures JPY Cls E | OT | OT | VGB | 12/31 | JPY | 13885.82 | -5.9 | -5.9 | 5.0 |
| Winton Futures USD Cls B | OT | OT | VGB | 12/31 | USD | 699.39 | -4.6 | -4.6 | 7.4 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

# Treasurys to keep eye on borrowing demand

By Michael Casey

**U.S. CREDIT MARKETS**

Despite a busy calendar of data, the U.S. Treasury market this week is expected to focus its attention on the U.S. government's borrowing needs.

With the Treasury's gaping deficits demanding a huge financing effort this year, last week's estimates of its first-quarter financing needs and refunding effort—to be announced on Monday and Wednesday, respectively—are likely to be more relevant to the market than a number of indicators. The likely exception is a January jobs report Friday.

That focus on the future supply of securities, as well as the possibility of a positive reading in the payrolls number, is expected to weigh on Treasury prices for the week.

"We've typically cheapened into long-end supply [announcements] and absent [a] negative data surprise. We see no reason for that not to repeat [this] week," said Michael Pond, U.S. fixed-income strategist at Barclays in New York.

The otherwise closely followed Institute of Supply Management January surveys on business conditions could be overlooked during the busy week unless they are greatly out of line with expectations. According to a Dow Jones Newswires survey of economists, the ISM's manufacturing report, due Monday, is expected to show a reading for its main index of 55.3, up from 54.9 in December. Its nonmanufacturing index, to be released Wednesday, is expected at 51.0, up from 49.8 in December.

The monthly jobs report is also likely to breed caution in the days before it is released Friday. A potential improvement in the weak labor market is believed to be a key factor in determining when the Federal Reserve will raise interest rates.

Data out last Friday helped cement the idea of a strengthening economy and the prospect of jobs growth. Fourth-quarter gross domestic product showed an unexpectedly robust 5.7% growth rate and consumer sentiment was strong.

The economic numbers failed to remove buying interest from Treasurys Friday, however, as traders bought the bonds in month-end adjustments. Those positions may be unwound this week, as a new month begins, adding downward pressure.

As always, the direction that stock markets take will also bear heavily on the performance of Treasurys, especially with renewed jitters last week amid concerns about sovereign-debt crises in Europe and monetary tightening in China. These events gave a lift to Treasurys last week. However, Mr. Pond of Barclays said it was noteworthy that they gained so little, given the 105.65-point drop in the Dow Jones Industrial Average last week that put it just 67.33 points above the 10,000 level.

"That's actually a bearish signal for Treasurys," he said.

# Investors await 10-year sale with concern

By Tomoyuki Tachikawa

**BOND MARKETS**

TOKYO—Japanese government-bond yields crept higher on concern that an auction of 10-year debt on Tuesday is unlikely to go smoothly.

Despite declines in Tokyo shares, the market has been directionless in recent days, amid anxiety over the nation's fiscal health.

Tuesday's sale, to total 2.2 trillion yen ($24.48 billion), could determine the market's direction, analysts said.

After Standard & Poor's Ratings Services downgraded Japan's rating outlook this week, "some players have become reluctant to buy JGBs actively," said Katsutoshi Inadome, a senior analyst at Mitsubishi UFJ Securities.

"If demand for the bonds is sluggish at the auction, that could discourage more investors from dabbling in longer-term debt, which may solidify the upward trend in the JGB yields," he said.

On Friday, the benchmark 10-year yield edged up 0.005 percentage point to 1.315%, while the 20-year yield rose 0.015 percentage point to 2.115%.

Elsewhere, the yields on two-year and five-year cash bonds were flat at 0.155% and 0.490%, respectively. Midterm bonds could gain favor given speculation that the Bank of Japan may implement additional easing steps, traders said.

# Gas supplies are poised to hit prices despite cold

By Christine Buurma

**COMMODITIES MARKETS**

U.S. natural-gas prices, beset by excess supply, tepid demand and mostly mild weather over the past year, may be pressured even lower this spring if the winter heating season ends with an excess of gas in underground storage.

Utilities, marketers and producers of natural gas stockpile the fuel during the autumn and spring when demand for gas for heating and power for cooling is muted. Gas is typically withdrawn during the winter heating season, which the Department of Energy defines as the period from Oct. 1 to March 31.

But if moderate temperatures leave an unusually high volume of gas in storage by the end of March, contractual obligations and physical constraints could force the companies contracting for storage to send gas to market, driving prices lower.

Following an unusually cold start to the month that pushed natural-gas futures above $6 per million British thermal units, the benchmark contract has fallen 15% as temperatures have moderated and inventory numbers have remained high. On Friday, despite frigid temperatures and forecasts for more of the same in major gas-consuming regions in the Midwest and Northeast, natural gas for March delivery on the New York Mercantile Exchange ended 0.1% lower at $5.131/MBtu. The contract fell 61.9 cents for the week, its biggest weekly decline in a year.

Data released Thursday by the Department of Energy showed that gas inventories as of Jan. 22 were 2.521 trillion cubic feet, 5% above last year's level and 3.6% above the five-year average. Supplies over the past few years have swelled owing to economic weakness and abundant gas production from deep shale-rock formations. The Department of Energy reported Friday that gross gas output climbed 0.2% in November as producers continued to ramp up drilling activity in shale reservoirs.

Among the most common types of gas-storage facilities in the U.S. are aquifers and depleted reservoirs, or geological formations that once held a naturally occurring gas deposit before the fuel was extracted by drillers. Depleted reservoirs and aquifers require a cushion of natural gas to maintain adequate pressure for withdrawing gas. If the cushion is too large, the increase in pressure could force some gas to escape into hard-to-reach areas of the formation and become unrecoverable.

Because of such constraints, some storage operators require utilities and others with gas in storage to withdraw a certain percentage of the facility's total capacity by March 31 or face a penalty.

Such a phenomenon "would place downward pressure on gas prices, possibly into April," said Ken Yeasting, a senior director with Cambridge, Mass.-based energy advisory firm IHS CERA.


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GAM

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| FUND NAME | GF | AT | LB | NAV DATE | CR | NAV | —%RETURN— YTD | 12-MO | 2-YR |
|---|---|---|---|---|---|---|---|---|---|
| GAM Arbitrage Op | OT | OT | VGB | 01/22 | USD | 1278.23 | 2.8 | 24.8 | -6.4 |
| GAM Asia Eq Hdg JPY Op | GL | EQ | VGB | 01/25 | JPY | 15087.02 | -2.9 | 69.5 | 4.0 |
| GAM Asia Equity Hedge US | OT | OT | VGB | 01/25 | USD | 282.10 | -2.8 | 72.3 | 5.5 |
| GAM Asia Equity USD | OT | OT | VGB | 01/28 | USD | 605.99 | -7.3 | 66.7 | -8.9 |
| GAM Asia-Pacific Eq USD | OT | OT | VGB | 01/26 | USD | 1292.35 | 0.7 | 29.4 | -8.2 |
| GAM Com Glb Bal EUR Op | US | BA | VGB | 01/25 | EUR | 95.68 | 0.6 | 18.4 | -5.6 |
| GAM Com Glb Bal USD Op | US | BA | VGB | 01/25 | USD | 128.59 | 0.6 | 18.4 | -5.6 |
| GAM Comp Glb Eq EUR Op | GL | EQ | VGB | 01/25 | EUR | 97.61 | -0.3 | 27.8 | -10.6 |
| GAM Comp Glb Eq USD Op | GL | EQ | VGB | 01/25 | USD | 127.11 | -0.3 | 27.8 | -10.6 |
| GAM Comp Glb Gr EUR Op | US | BA | VGB | 01/25 | EUR | 86.28 | 0.0 | 20.1 | -8.6 |
| GAM Comp Glb Gr USD Op | US | BA | VGB | 01/25 | USD | 127.02 | 0.0 | 20.1 | -8.6 |
| GAM CompAbsRT EUR Op | OT | OT | VGB | 09/30 | EUR | 141.71 | 9.1 | 0.1 | -6.9 |
| GAM CompAbsRT SGD Op | OT | OT | VGB | 09/30 | SGD | 102.21 | 9.2 | -0.1 | -8.3 |
| GAM CompAbsRT USD Op | OT | OT | VGB | 09/30 | USD | 845.66 | 9.5 | 0.7 | -7.0 |
| GAM Cptal Apprec Eq Inc | US | EQ | VGB | 01/22 | USD | 240.75 | -3.2 | 37.5 | -7.6 |
| GAM Cross Trading Inc | OT | OT | VGB | 01/25 | USD | 464.84 | -0.2 | 4.2 | NS |
| GAM Diversity CHF Op | OT | OT | VGB | 01/25 | CHF | 94.03 | -0.3 | 3.5 | -6.1 |
| GAM Diversity EUR Op | OT | OT | VGB | 01/25 | EUR | 646.74 | -0.3 | 4.2 | -4.6 |
| GAM Diversity USD 2.5XL | OT | OT | VGB | 01/25 | USD | 77.68 | -0.8 | 7.2 | -17.3 |
| GAM Diversity USD Op | OT | OT | VGB | 01/25 | USD | 679.27 | -0.2 | 4.1 | NS |
| GAM Dvrsty II CHF Op | OT | OT | VGB | 01/25 | CHF | 99.13 | -0.4 | 2.8 | NS |
| GAM Dvrsty II EUR Op | OT | OT | VGB | 01/25 | EUR | 138.30 | -0.3 | 3.5 | -4.8 |
| GAM Dvrsty II USD Op | OT | OT | VGB | 01/25 | USD | 209.47 | -0.3 | 3.4 | -5.1 |
| GAM DvrstyIII EUR Op | OT | OT | VGB | 01/25 | EUR | 115.14 | -0.4 | 3.5 | -5.0 |
| GAM DvrstyIII USD Op | OT | OT | VGB | 01/25 | USD | 121.58 | -0.3 | 3.7 | -5.1 |
| GAM Euro Eq Hdg EUR Op | EU | EQ | VGB | 01/25 | EUR | 220.77 | 0.9 | 13.6 | -2.4 |
| GAM Euro Eq Hdg USD Op | OT | OT | VGB | 01/25 | USD | 204.98 | 0.8 | 14.0 | -0.9 |
| GAM European Equity USD | OT | OT | VGB | 01/27 | USD | 278.49 | -5.0 | 32.5 | -11.4 |
| GAM GAMCO | OT | EQ | VGB | 01/26 | USD | 786.89 | -2.9 | 46.9 | -6.7 |
| GAM Gb EmMkts Hdg EUROp | OT | OT | VGB | 01/25 | EUR | 97.11 | -0.8 | 13.8 | -15.2 |
| GAM Gb EmMkts Hdg USDOp | OT | OT | VGB | 01/25 | USD | 102.47 | -0.7 | 14.7 | -14.5 |
| GAM Gbl Divers USD Inc. | GL | EQ | VGB | 01/25 | USD | 254.84 | 2.0 | 35.4 | -3.3 |
| GAM Grtr China Eq Hdg Op | GL | EQ | VGB | 01/25 | USD | 280.36 | -2.2 | 109.4 | 20.0 |
| GAM Intrst Trend II | GL | BD | VGB | 01/25 | USD | 103.17 | 9.6 | 55.0 | -5.0 |
| GAM Intrst Trend Inc | OT | OT | VGB | 01/25 | USD | 273.99 | 8.9 | 67.8 | -2.9 |
| GAM Japan Eq Hdg EUR Op | AS | EQ | VGB | 01/25 | EUR | 125.50 | 7.5 | 14.4 | -0.2 |
| GAM Japan Eq Hdg USD Op | OT | OT | VGB | 01/25 | USD | 129.95 | 6.5 | 20.6 | NS |
| GAM Japan Eq Hdg YEN Open | AS | EQ | VGB | 01/25 | JPY | 8943.37 | 6.4 | 18.7 | -11.8 |
| GAM Japan USD | JP | EQ | VGB | 01/28 | USD | 1150.23 | 4.3 | 19.1 | -10.7 |
| GAM Japan YEN | JP | EQ | VGB | 01/28 | JPY | 9078.38 | 2.9 | 21.5 | -16.5 |
| GAM Money Mkt EuroOp | EU | MM | VGB | 01/27 | EUR | 51.15 | 0.1 | 0.2 | 1.6 |
| GAM Money Mkt USD | US | MM | VGB | 01/27 | USD | 100.01 | 0.1 | 0.0 | 0.7 |
| GAM Multi-Arb EUR Op | OT | OT | VGB | 01/25 | EUR | 111.96 | 0.7 | 0.4 | -8.8 |
| GAM Multi-Arb USD Op | OT | OT | VGB | 01/25 | USD | 116.87 | 0.7 | 0.6 | -9.1 |
| GAM Multi-China EUR Op | OT | OT | VGB | 01/25 | EUR | 166.22 | -1.0 | 10.7 | -6.7 |
| GAM Multi-China USD Op | OT | OT | VGB | 01/25 | USD | 174.77 | -1.0 | 11.2 | -7.4 |
| GAM Multi-Emer Mkts GBP | OT | OT | VGB | 01/25 | GBP | 131.06 | -0.3 | 24.2 | -0.3 |
| GAM Multi-Emer Mkts USD | OT | OT | VGB | 01/25 | USD | 648.52 | -0.4 | 24.2 | -0.8 |
| GAM Multi-Eur EUR Op | OT | OT | VGB | 01/25 | EUR | 268.50 | -0.1 | 6.0 | -6.6 |
| GAM Multi-Eur II EUR Op | OT | OT | VGB | 01/25 | EUR | 138.15 | -0.1 | 6.2 | -6.7 |
| GAM Multi-Eur II USD Op | OT | OT | VGB | 01/25 | USD | 112.93 | -0.1 | 5.9 | -7.7 |
| GAM Multi-Eur USD Op | OT | OT | VGB | 01/25 | USD | 467.05 | -0.1 | 5.7 | -7.6 |
| GAM Multi-Nth Am EUR Special | OT | OT | VGB | 01/25 | EUR | 133.91 | -0.1 | 10.0 | NS |
| GAM Multi-Nth Am USD Special | OT | OT | VGB | 01/25 | USD | 217.96 | -0.1 | 10.9 | NS |
| GAM Multi-Pac EUR Op | GL | EQ | VGB | 01/25 | EUR | 142.60 | -0.6 | 3.4 | -2.8 |
| GAM Multi-Pac USD Op | OT | OT | VGB | 01/25 | USD | 164.50 | -0.6 | 3.6 | -3.2 |
| GAM Portable Dvr/S&P500 | OT | OT | VGB | 08/24 | USD | 70.11 | 17.7 | -27.7 | -22.9 |
| GAM Selection Hdg | US | EQ | VGB | 01/22 | USD | 2699.62 | 2.3 | 67.2 | 11.8 |
| GAM Sing/Malaysia | AS | EQ | VGB | 01/28 | USD | 2411.19 | -4.5 | 53.8 | -8.8 |
| GAM Sterling Spe Bd Inc | OT | OT | VGB | 01/25 | GBP | 238.89 | 3.9 | 43.1 | 5.1 |
| GAM Trading EUR Inc | OT | OT | VGB | 01/25 | EUR | 324.42 | -0.2 | 4.3 | 5.5 |
| GAM Trading USD Inc | OT | OT | VGB | 01/25 | USD | 970.94 | -0.2 | 4.6 | 4.8 |
| GAM Trdg II IncEUR Op | OT | OT | VGB | 01/25 | EUR | 138.76 | -0.2 | 4.2 | 5.4 |
| GAM Trdg II IncUSD Op | OT | OT | VGB | 01/25 | USD | 315.27 | -0.2 | 4.6 | 4.9 |
| GAM Trdg IV IncEUR Op | OT | OT | VGB | 01/25 | EUR | 146.44 | -0.2 | 4.0 | 5.1 |
| GAM Trdg IV IncUSD Op | OT | OT | VGB | 01/25 | USD | 154.19 | -0.2 | 4.4 | 4.7 |
| GAM Trdg V IncEUR Op | OT | OT | VGB | 01/25 | EUR | 124.15 | -0.2 | 3.3 | 5.0 |
| GAM Trdg V IncUSD Op | OT | OT | VGB | 01/25 | USD | 129.32 | -0.2 | 3.8 | 4.7 |
| GAM TrdgIII IncEUR Op | OT | OT | VGB | 01/25 | EUR | 156.63 | -0.2 | 4.1 | 5.2 |
| GAM TrdgIII IncUSD Op | OT | OT | VGB | 01/25 | USD | 162.16 | -0.2 | 4.4 | 4.8 |
| GAM USDSpecBondInc | US | BD | VGB | 01/25 | USD | 559.26 | 5.5 | 74.6 | 9.5 |
| GAM Worldwide | GL | EQ | VGB | 01/27 | USD | 2136.30 | -4.0 | 34.4 | -8.5 |
| GAMut Investments | OT | OT | VGB | 01/20 | USD | 7685.65 | 1.4 | 4.4 | 8.8 |

■ GAM Star Fund Plc

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| GAMStar-AsEqCHF Ord Ac | AS | EQ | IRL | 01/27 | CHF | 10.14 | -8.1 | 49.6 | -13.6 |
| GAMStar-AsEqEUR Ord Ac | AS | EQ | IRL | 01/27 | EUR | 11.03 | -7.4 | 55.5 | -8.8 |
| GAMStar-AsEqGBP Ord Ac | AS | EQ | IRL | 01/27 | GBP | 1.42 | -9.4 | 44.9 | -1.3 |
| GAMStar-AsEqUSD Ord Ac | AS | EQ | IRL | 01/27 | USD | 12.16 | -9.3 | 65.8 | -10.6 |
| GAMStar-AsPacEqEUR Acc | AS | EQ | IRL | 01/27 | EUR | 102.13 | 1.0 | 22.7 | -10.4 |
| GAMStar-AsPacEqEUR Inc | AS | EQ | IRL | 01/27 | EUR | 98.83 | 1.0 | 22.7 | -10.4 |
| GAMStar-ContEurEqEUR Ac | EU | EQ | IRL | 01/27 | EUR | 10.59 | -3.7 | 25.8 | -7.1 |
| GAMStar-EurpEqEUR Acc | EU | EQ | IRL | 01/27 | EUR | 177.80 | -2.9 | 26.6 | -9.6 |
| GAMStar-EurpEqEUR Inc | EU | EQ | IRL | 01/27 | EUR | 162.47 | -2.9 | 26.5 | -9.6 |
| GAMStar-EurpEqUSD Acc | EU | EQ | IRL | 01/27 | USD | 15.21 | -4.9 | 34.7 | -11.3 |
| GAMStar-EurpEqUSD Inc | EU | EQ | IRL | 01/27 | USD | 13.79 | -4.9 | 34.7 | -11.3 |
| GAMStar-FrontierOppUSD Acc | GL | EQ | IRL | 01/27 | USD | 5.34 | -2.7 | 33.3 | NS |
| GAMStar-JpnEq EUR Acc | JP | EQ | IRL | 01/27 | EUR | 91.93 | 4.5 | 14.5 | -9.0 |
| GAMStar-JpnEq EUR Inc | JP | EQ | IRL | 01/27 | EUR | 91.93 | 4.5 | 14.5 | -9.0 |
| GAMStar-JpnEq JPY Acc | JP | EQ | IRL | 01/27 | JPY | 937.28 | 1.8 | 21.4 | -18.4 |
| GAMStar-JpnEq USD Acc | JP | EQ | IRL | 01/27 | USD | 11.47 | 3.1 | 16.9 | -13.1 |
| GAMStar-World EqUSD Acc | GL | EQ | IRL | 01/27 | USD | 2150.71 | -3.9 | 35.4 | -8.0 |

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| American Growth | US | EQ | LUX | 01/29 | USD | 14.65 | -2.9 | 28.4 | -9.3 |
| American Growth AA | US | EQ | LUX | 01/29 | USD | 0.84 | -2.9 | 28.0 | -7.6 |
| Asian Equity | AS | EQ | LUX | 01/29 | USD | 2.28 | -5.7 | 67.8 | -7.1 |
| Asian Equity AA | AS | EQ | LUX | 01/29 | USD | 0.74 | -5.7 | 67.1 | -7.4 |
| Asian Sm Cap Equity AA | AS | EQ | LUX | 01/29 | USD | 1.12 | -3.1 | 93.8 | -2.7 |
| China Value A | AS | EQ | LUX | 01/29 | USD | 6.49 | -8.1 | 64.6 | -4.2 |
| China Value AA | AS | EQ | LUX | 01/29 | USD | 2.04 | -8.1 | 64.2 | -4.4 |
| Dragon Growth | AS | EQ | LUX | 01/29 | USD | 1.51 | -7.8 | 66.3 | -8.0 |
| Dragon Growth AA | OT | OT | LUX | 01/29 | HKD | 7.33 | -7.6 | 66.2 | -8.8 |
| Emg Eastrn Europe A | EU | EQ | LUX | 01/29 | USD | 4.62 | 1.1 | 117.6 | -12.6 |
| Emg Eastrn Europe AA | EU | EQ | LUX | 01/29 | USD | 1.99 | 1.1 | 117.2 | -12.8 |
| European Growth | EU | EQ | LUX | 01/29 | USD | 8.69 | -3.8 | 50.2 | -14.0 |
| European Growth AA | EU | EQ | LUX | 01/29 | USD | 0.62 | -3.8 | 49.8 | -14.2 |
| Global Contrarain AA | GL | EQ | LUX | 01/29 | USD | 0.88 | 0.4 | 90.9 | NS |
| Global Property AA | OT | EQ | LUX | 01/29 | USD | 0.65 | -3.4 | 56.6 | -12.0 |
| Global Resources AA | OT | EQ | LUX | 01/29 | USD | 1.01 | -5.4 | 42.4 | -12.4 |
| Healthcare AA | OT | EQ | LUX | 01/29 | USD | 0.94 | -0.4 | 16.1 | NS |
| India Equity AA | EA | EQ | LUX | 01/29 | USD | 1.04 | -6.5 | 74.6 | -16.5 |
| International Growth | GL | EQ | LUX | 01/29 | USD | 2.95 | -2.1 | 25.5 | -12.0 |
| International Growth AA | GL | EQ | LUX | 01/29 | USD | 0.68 | -2.1 | 25.1 | -12.2 |
| Japanese Growth | JP | EQ | LUX | 01/29 | USD | 2.76 | 1.5 | 14.7 | -9.3 |
| Japanese Growth AA | JP | EQ | LUX | 01/29 | USD | 0.73 | 2.2 | 15.1 | -9.2 |
| Latin America Equity AA | GL | EQ | LUX | 01/29 | USD | 1.18 | -8.3 | 90.3 | -2.9 |
| Manulife GF Strategic Income Fund AA | OT | OT | NA | 01/29 | USD | 1.00 | 0.1 | NS | NS |
| MGF Asia Value Dividend Equity Fund | OT | OT | Lux | 01/29 | USD | 1.11 | -2.1 | NS | NS |
| Russia Equity AA | EE | EQ | LUX | 01/29 | USD | 0.65 | 6.6 | 160.0 | -17.0 |
| Taiwan Equity AA | AS | EQ | LUX | 01/29 | USD | 1.01 | -6.6 | 91.9 | 4.6 |
| Turkey Equity AA | EE | EQ | LUX | 01/29 | USD | 0.80 | 4.8 | 132.3 | -0.5 |
| U.S. Bond AA | US | BD | LUX | 01/29 | USD | 1.12 | 1.5 | 17.9 | 7.2 |
| U.S. Sm Cap Equity AA | US | EQ | LUX | 01/29 | USD | 0.82 | 1.3 | 70.8 | -7.2 |
| U.S. Special Opportunities | OT | OT | LUX | 01/29 | USD | 0.84 | 4.3 | 92.0 | 4.7 |
| U.S. Tsy Inf-ProtSec AA | OT | BD | LUX | 01/29 | USD | 1.15 | 0.6 | 8.7 | 1.5 |

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Indonesian Grth Fund | EA | EQ | CYM | 01/20 | USD | 135.86 | 6.7 | 122.6 | 3.5 |

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A Value Partners Group company

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Asia Value Formula Fd-B | AS | EQ | CYM | 01/28 | USD | 7.76 | -3.2 | 98.0 | -2.1 |

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|---|---|---|---|---|---|---|---|---|---|
| Bonds Eur Hi Yld A | OT | OT | LUX | 01/27 | EUR | 21.14 | 2.7 | 54.7 | 2.7 |
| Bonds EURO A | OT | OT | LUX | 01/28 | EUR | 41.09 | 0.1 | 5.6 | 4.4 |
| Bonds EUROPE A | OT | OT | LUX | 01/27 | EUR | 39.37 | 0.7 | 5.8 | 4.1 |
| Bonds US OppsCoreplus A | OT | OT | LUX | 01/27 | USD | 37.45 | 1.5 | 16.2 | 8.1 |
| Bonds World A | OT | OT | LUX | 01/27 | USD | 42.10 | 0.2 | 9.3 | 4.9 |
| Eq. AsiaPac Dual Strategies A | OT | OT | LUX | 01/28 | USD | 9.86 | -5.4 | 71.6 | -9.1 |
| Eq. China A | AS | EQ | LUX | 01/28 | USD | 21.78 | -9.7 | 67.4 | -10.3 |
| Eq. Concentrated Euroland A | OT | OT | LUX | 01/28 | EUR | 87.42 | -6.0 | 16.2 | -16.0 |
| Eq. ConcentratedEuropeA | EU | EQ | LUX | 01/28 | EUR | 25.99 | -3.8 | 29.7 | -14.0 |
| Eq. Emerging Europe A | OT | OT | LUX | 01/28 | EUR | 24.56 | 4.2 | 97.0 | -18.5 |
| Eq. Euroland A | EU | EQ | LUX | 01/28 | EUR | 10.18 | -5.9 | 15.4 | -16.8 |
| Eq. Euroland Small Cap A | OT | OT | LUX | 01/28 | EUR | 140.24 | -0.6 | 40.2 | -4.7 |
| Eq. EurolandCyclicIsA | EU | EQ | LUX | 01/27 | EUR | 17.44 | -2.0 | 34.7 | -10.8 |
| Eq. EurolandFinancialA | OT | EQ | LUX | 01/28 | EUR | 10.34 | -8.6 | 30.5 | -19.7 |
| Eq. Glbl Emg Cty A | GL | EQ | LUX | 01/28 | USD | 8.85 | -8.6 | 60.7 | -13.9 |
| Eq. Global A | GL | EQ | LUX | 01/28 | USD | 26.83 | -3.7 | 30.7 | -11.3 |
| Eq. Global Energy A | OT | EQ | LUX | 01/28 | USD | 17.33 | -4.4 | 19.8 | -11.7 |
| Eq. Global Resources A | OT | OT | LUX | 01/28 | USD | 101.13 | -7.4 | 42.5 | -12.6 |
| Eq. Gold Mines A | OT | EQ | LUX | 01/28 | USD | 27.85 | -8.1 | 37.0 | -7.8 |
| Eq. India A | OT | OT | LUX | 01/28 | USD | 122.72 | -6.1 | 74.6 | -16.8 |
| Eq. Japan CoreAlpha A | OT | OT | LUX | 01/28 | JPY | 7555.27 | 4.2 | 31.5 | -6.1 |
| Eq. Latin America A | OT | OT | LUX | 01/27 | USD | 105.10 | -9.6 | 72.4 | -10.4 |
| Eq. US Lg Cap Gr A | US | EQ | LUX | 01/28 | USD | 14.48 | -5.1 | 29.4 | -9.8 |
| Eq. US Rel Val A | US | EQ | LUX | 01/28 | USD | 19.98 | -3.0 | 29.8 | -13.5 |
| Eq. US Sm Cap Val A | US | EQ | LUX | 01/28 | USD | 15.37 | -3.6 | 23.6 | -17.8 |
| Money Market EURO A | EU | MM | LUX | 01/28 | EUR | 27.40 | 0.0 | 0.8 | 2.5 |
| Money Market USD A | US | MM | LUX | 01/28 | USD | 15.83 | 0.0 | 0.4 | 1.5 |

The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| TNI Mena Real Estate Fund | OT | OT | BMU | 01/21 | USD | 942.77 | -1.9 | 1.9 | -30.0 |
| TNI MENA Special Sits Fund | OT | OT | BMU | 12/31 | USD | 1079.31 | 11.2 | 11.2 | NS |
| TNI UAE Blue Chip Fund | OT | OT | ARE | 01/21 | AED | 5.04 | -5.5 | 13.6 | -35.5 |

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
*formerly known as China ABH Shares Fund

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Intel-Chin MainInd Foc | AS | EQ | CYM | 01/15 | USD | 30.29 | 1.5 | 99.7 | 5.9 |
| Intel-China Converg* | AS | EQ | CYM | 01/15 | USD | 115.18 | 1.0 | 99.9 | 4.9 |
| VP Classic - A | AS | EQ | CYM | 01/28 | USD | 176.74 | -5.2 | 92.3 | 2.2 |
| VP CLassic - B | AS | EQ | CYM | 01/28 | USD | 82.34 | -5.3 | 83.3 | 1.7 |
| VP High Dividend Stk | AS | EQ | CYM | 01/25 | USD | 44.72 | -1.6 | 84.6 | 4.3 |

yuki
Yuki Management & Research
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■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| YMR-N Growth Fund | OT | OT | IRL | 01/28 | JPY | 9322.00 | -1.4 | 18.5 | -18.2 |
| YMR-N Small Cap Fund | OT | OT | IRL | 01/28 | JPY | 6889.00 | -1.8 | 15.1 | -17.7 |

■ Yuki 77 Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki 77 General | JP | EQ | IRL | 01/29 | JPY | 5979.00 | -2.8 | 6.8 | -22.8 |
| Yuki 77 Growth | JP | EQ | IRL | 01/29 | JPY | 5461.00 | -3.2 | 3.2 | -27.1 |

■ Yuki Chugoku Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Chugoku Jpn Gen | JP | EQ | IRL | 01/29 | JPY | 6718.00 | -1.6 | 13.3 | -18.4 |
| Yuki Chugoku JpnLowP | JP | EQ | IRL | 01/29 | JPY | 7601.00 | 0.8 | 1.0 | -18.5 |

■ Yuki Hokuyo Japan Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Hokuyo Jpn Gen | JP | EQ | IRL | 01/29 | JPY | 4571.00 | -2.2 | 8.0 | -22.6 |
| Yuki Hokuyo Jpn Inc | JP | EQ | IRL | 01/29 | JPY | 5150.00 | -1.9 | 6.3 | -17.5 |
| Yuki Hokuyo Jpn Sm Cap | JP | EQ | IRL | 01/29 | JPY | 4992.00 | -2.2 | 13.2 | -17.8 |

■ Yuki Mizuho Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Mizuho Gen Jpn III | OT | OT | IRL | 01/29 | JPY | 4278.00 | -3.2 | 9.1 | -26.7 |
| Yuki Mizuho Jpn Dyn Gro | OT | OT | IRL | 01/29 | JPY | 4515.00 | -3.2 | 9.2 | -26.6 |
| Yuki Mizuho Jpn Exc 100 | OT | OT | IRL | 01/29 | JPY | 6753.00 | -3.1 | 18.9 | -20.9 |
| Yuki Mizuho Jpn Gen | OT | OT | IRL | 01/29 | JPY | 8306.00 | -3.6 | 12.6 | -20.7 |
| Yuki Mizuho Jpn Gro | OT | OT | IRL | 01/29 | JPY | 6143.00 | -3.4 | 7.0 | -23.0 |
| Yuki Mizuho Jpn Inc | OT | OT | IRL | 01/29 | JPY | 7470.00 | -2.1 | -0.4 | -20.1 |
| Yuki Mizuho Jpn Lg Cap | OT | OT | IRL | 01/29 | JPY | 5081.00 | -2.1 | 11.0 | -20.8 |
| Yuki Mizuho Jpn LowP | OT | OT | IRL | 01/29 | JPY | 11335.00 | -2.0 | 10.3 | -15.9 |
| Yuki Mizuho Jpn PGth | OT | OT | IRL | 01/29 | JPY | 7725.00 | -3.0 | 10.0 | -25.3 |
| Yuki Mizuho Jpn SmCp | OT | OT | IRL | 01/29 | JPY | 6979.00 | -2.2 | 21.0 | -18.7 |
| Yuki Mizuho Jpn Val Sel | OT | OT | IRL | 01/29 | JPY | 5562.00 | -1.5 | 13.5 | -17.9 |
| Yuki Mizuho Jpn YoungCo | OT | OT | IRL | 01/29 | JPY | 2668.00 | -2.1 | 15.5 | -26.3 |

■ Yuki Shizuoka Japan Series

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Yuki Shizuoka General Japan | JP | EQ | IRL | 01/29 | JPY | 5255.00 | -3.1 | 12.1 | -19.9 |

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

# Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

## Giants around the world

In U.S.-dollar terms.

### Dow Jones Country Titans

| | INDEX PERFORMANCE Previous session | Year-to-date | 52-week |
|---|---|---|---|
| Turkey | -0.35% | 2.4% | 102.9% |
| Sweden | 1.83 | 0.3 | 62.5 |
| Russia | unch. | 0.2 | 110.3 |
| Netherlands | 1.08 | -0.4% | 38.8 |
| Japan | -1.54 | -0.7 | 16.1 |
| Switzerland | 0.20 | -2.5 | 27.9 |
| South Africa | -0.19 | -2.7 | 24.9 |
| U.K. | 0.85 | -4.1 | 25.1 |
| Italy | 1.19 | -5.3 | 25.8 |
| France | 1.34 | -5.4 | 27.1 |
| Singapore | -0.44 | -5.6 | 58.7 |
| South Korea | -2.42 | -5.6 | 40.1 |
| Australia | -2.13 | -5.9 | 28.2 |
| Germany | 1.16 | -6.2 | 23.3 |
| Spain | 0.80 | -6.2 | 19.2 |
| Canada | -1.85 | -6.6 | 24.5 |
| Hong Kong | -0.87 | -8.0 | 46.5 |
| China 88 | -0.21 | -11.8 | 46.0 |
| Brazil | -1.67 | -12.6 | 84.4 |

### Dow Jones Regional Sector Titans

| | | | |
|---|---|---|---|
| EU Enlarged† | 1.75% | 2.9% | 59.7% |
| Nordic 30 | 1.81 | 1.9 | 41.9 |
| Travel Leisure | -1.46 | 0.7 | 29.2 |
| Pers H'hold Gds | -0.90 | 0.5 | 31.4 |
| Arab 50 | -0.26 | -0.5% | 22.5 |
| Asian 50 | -2.62 | -3.3 | 37.1 |
| Stoxx 50 | 0.99 | -4.1 | 25.0 |
| Global 50 | -0.75 | -5.1 | 27.6 |
| Euro Stoxx 50 | 1.44 | -6.3 | 24.1 |
| Tiger 50* | -1.46 | -6.8 | 59.9 |

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

## Dow Jones Asia Titans: Friday's best and worst...

| Company | Country | Industry | Market value, in billions of US$ | Previous close, in local currency | STOCK PERFORMANCE Previous session | 52-week | Three-year |
|---|---|---|---|---|---|---|---|
| **Taiwan Smcndtr Mfg** | Taiwan | Semiconductors | $49.8 | 61.50 | 2.50% | 53.8% | -7.9% |
| **China Life Ins** | Hong Kong | Life Insurance | 33.2 | 34.65 | 1.46 | 66.6 | 54.0 |
| **Nissan Motor** | Japan | Automobiles | 33.0 | 736.00 | 0.55 | 167.6 | -51.2 |
| **JFE Hldgs** | Japan | Iron Steel | 18.4 | 3,160 | 0.32 | 38.3 | -54.5 |
| **Tokyo Elec Power** | Japan | Conventional Electricity | 36.2 | 2,435 | unch. | -14.0 | -43.1 |
| **RioZim Ltd** | Australia | General Mining | $36.7 | 68.00 | -4.82% | 104.4 | 11.6 |
| **POSCO** | South Korea | Iron Steel | 35.1 | 536,000 | -4.11 | 48.9 | 56.0 |
| **Nintendo** | Japan | Toys | 35.6 | 25,250 | -4.07 | -10.8 | -26.6 |
| **Canon** | Japan | Electronic Office Equipment | 48.1 | 3,535 | -3.94 | 42.8 | -43.9 |
| **CNOOC** | Hong Kong | Exploration Production | 63.5 | 11.04 | -3.83 | 62.4 | 67.3 |

## ...And the rest of Asia's blue chips

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Westfield Grp** Australia (Retail REITs) | 26.0 | 12.64 | -0.55% | 5.0% | -43.5% |
| **Kansai Elec Power** Japan (Conventional Electricity) | 21.6 | 2,059 | -0.63 | -17.1 | -43.9 |
| **Mitsui** Japan (Industrial Suppliers) | 26.6 | 1,332 | -0.75 | 38.8 | -31.6 |
| **Mitsubishi** Japan (Industrial Suppliers) | 39.5 | 2,187 | -0.77 | 79.1 | -12.2 |
| **NTT DoCoMo** Japan (Mobile Telecommunications) | 62.2 | 135,300 | -0.88 | -14.6 | -29.2 |
| **Seven I Hldgs** Japan (Broadline Retailers) | 19.7 | 1,977 | -0.95 | -18.8 | -45.5 |
| **QBE Ins Grp** Australia (Reinsurance) | 20.9 | 22.92 | -0.99 | -4.5 | -26.6 |
| **Nippon T&T** Japan (Fixed Line Telecommunications) | 55.5 | 3,810 | -1.04 | -13.4 | -39.0 |
| **Hon Hai Precision Ind** Taiwan (Electrical Components Equipment) | 35.9 | 134.50 | -1.10 | 162.2 | -6.8 |
| **PetroChina** Hong Kong (Integrated Oil Gas) | 23.9 | 8.80 | -1.12 | 51.2 | -8.6 |
| **China Mobile (HK)** Hong Kong (Mobile Telecommunications) | 188.8 | 73.75 | -1.14 | 4.6 | 0.1 |
| **National Australia Bk** Australia (Banks) | 49.2 | 26.37 | -1.20 | 39.3 | -35.4 |
| **Shin-Etsu Chml** Japan (Specialty Chemicals) | 22.1 | 4,730 | -1.25 | 11.0 | -39.7 |
| **Woolworths** Australia (Food Retailers Wholesalers) | 28.3 | 25.86 | -1.26 | -6.6 | 6.6 |
| **Sun Hung Kai Prop** Hong Kong (Real Estate Holding Development) | 33.1 | 100.30 | -1.28 | 43.3 | 2.2 |
| **Cheung Kong** Hong Kong (Real Estate Holding Development) | 27.4 | 92.05 | -1.29 | 26.3 | -14.0 |
| **Sumitomo Mitsui Finl** Japan (Banks) | 32.6 | 2,935 | -1.34 | -19.6 | -75.3 |
| **Hutchison Whampoa** Hong Kong (Diversified Industrials) | 29.2 | 53.15 | -1.39 | 32.9 | -35.0 |
| **Mitsubishi UFJ Finl** Japan (Banks) | 71.7 | 468.00 | -1.47 | -8.2 | -67.7 |
| **Nippon Steel** Japan (Iron Steel) | 22.8 | 329.00 | -1.50 | 22.3 | -54.5 |

| Company/Country (Industry) | Market value, in billions (U.S) | Latest, in local currency | STOCK PERFORMANCE Latest | 52-week | Three-year |
|---|---|---|---|---|---|
| **Shinhan Financial Grp** South Korea (Banks) | 16.8 | 41,000 | -1.68% | 48.9% | -21.3% |
| **Mizuho Financial Grp** Japan (Banks) | 27.1 | 175.00 | -1.69 | -22.9 | -79.5 |
| **Takeda Pharm** Japan (Pharmaceuticals) | 34.5 | 3,970 | -1.85 | -6.6 | -50.4 |
| **Aus NZ Bk** Australia (Banks) | 48.4 | 21.73 | -1.90 | 63.8 | -26.1 |
| **Toyota Motor** Japan (Automobiles) | 121.0 | 3,490 | -1.97 | 19.3 | -56.1 |
| **Indl Comm Bk China** Hong Kong (Banks) | 61.0 | 5.70 | -2.06 | 70.2 | 26.1 |
| **Honda Motor** Japan (Automobiles) | 61.9 | 3,075 | -2.07 | 48.6 | -34.6 |
| **East Japan Railway** Japan (Travel Tourism) | 26.4 | 6,070 | -2.10 | -1.3 | -31.6 |
| **China Constr Bk** Hong Kong (Banks) | 173.0 | 5.98 | -2.29 | 55.3 | 30.0 |
| **Sony** Japan (Consumer Electronics) | 33.0 | 3,010 | -2.43 | 69.1 | -47.7 |
| **KDDI** Japan (Mobile Telecommunications) | 23.2 | 476,500 | -2.46 | -16.4 | -46.2 |
| **Panasonic** Japan (Consumer Electronics) | 32.4 | 1,422 | -2.74 | 29.4 | -40.6 |
| **Tokio Marine Hldgs** Japan (Property Casualty Insurance) | 21.2 | 2,440 | -2.79 | 0.2 | -45.5 |
| **Westpac Bking** Australia (Banks) | 61.8 | 23.86 | -2.93 | 52.6 | -6.1 |
| **Samsung Elec** South Korea (Semiconductors) | 99.7 | 784,000 | -2.97 | 60.7 | 33.6 |
| **Woodside Petroleum** Australia (Exploration Production) | 27.0 | 42.33 | -3.09 | 19.6 | 12.9 |
| **Japan Tobacco** Japan (Tobacco) | 34.6 | 327,000 | -3.11 | 25.3 | -41.2 |
| **BHP Billiton** Australia (General Mining) | 117.7 | 39.40 | -3.19 | 29.2 | 48.2 |
| **KB Fncl Group** South Korea (Banks) | 16.8 | 50,600 | -3.25 | 40.6 | -36.9 |
| **Commonwlth Bk of Aus** Australia (Banks) | 72.0 | 53.23 | -3.39 | 97.9 | 5.7 |

Sources: Dow Jones Indexes; WSJ Market Data Group

# Tracking credit markets & dealmakers

**— NOTICE TO READERS —**
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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## Hedge funds

| Dow Jones Hedge Benchmark | TOTAL RETURN for rolling periods, net of fees* One week | One month | One quarter | Year to date | One year |
|---|---|---|---|---|---|
| **Merger Arbitrage** | -0.01% | -0.01% | 1.5% | 0.0% | 6.5% |
| **Event Driven** | -0.16 | 0.82 | 2.8 | 0.7 | 14.8 |
| **Equity Long/Short** | -1.16 | -0.06 | 3.1 | 0.2 | 3.6 |

*Estimates as of 01/28/10, after fees; Source: www.djhedgefundindexes.com

## Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

### Markit iTraxx Indexes

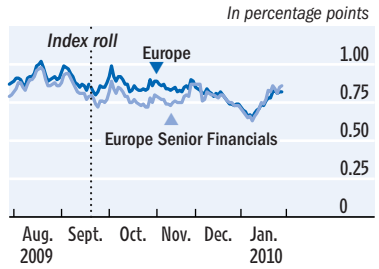
| Index: series/version | Mid-spread, in pct. pts. | Mid-price | Coupon | SPREAD RANGE, in pct. pts. since most recent roll Maximum | Minimum | Average |
|---|---|---|---|---|---|---|
| **Europe:** 12/1 | 0.82 | 100.84% | 0.01% | 1.00 | 0.65 | 0.82 |
| **Eur. High Volatility:** 12/1 | 1.15 | 99.30 | 0.01 | 1.76 | 0.92 | 1.30 |
| **Europe Crossover:** 12/1 | 4.52 | 101.91 | 0.05 | 6.15 | 3.79 | 4.97 |
| **Asia ex-Japan IG:** 12/1 | 1.04 | 99.81 | 0.01 | 1.29 | 0.87 | 1.05 |
| **Japan:** 12/1 | 1.38 | 98.22 | 0.01 | 1.68 | 0.99 | 1.32 |

Note: Data as of January 28

### Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

*In percentage points*




Source: Markit Group

## Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

### Showing the biggest improvement...

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Ptt Pub** | 101 | -7 | 1 | 8 |
| **Tenaga Nasional** | 93 | -6 | 3 | 5 |
| **Sanyo Shinpan Fin C** | 644 | -6 | 22 | -178 |
| **MISC** | 98 | -6 | 6 | 8 |
| **Rep Philippines** | 184 | -5 | 7 | 16 |
| **KT&G** | 82 | -5 | ... | 3 |
| **GS Caltex Oil** | 114 | -4 | 5 | 15 |
| **China Mobile** | 83 | -4 | 5 | -2 |
| **Kia Mtrs** | 122 | -4 | ... | 20 |
| **Expt Import Bk of China** | 114 | -4 | -1 | 1 |

### And the most deterioration

| | Yesterday | CHANGE, in basis points Yesterday | Five-day | 28-day |
|---|---|---|---|---|
| **Ricoh** | 38 | 2 | ... | -1 |
| **Tobu Rwy** | 66 | 2 | 5 | 1 |
| **Mitsubishi** | 54 | 2 | 4 | -2 |
| **Casio Computer** | 54 | 2 | 2 | 5 |
| **Kobe Stl** | 127 | 3 | 6 | 6 |
| **Mizuho Corporate Bk** | 127 | 3 | 18 | 22 |
| **China Constr Bk C** | 125 | 3 | 1 | -1 |
| **Taisei** | 352 | 4 | 9 | -14 |
| **Promise** | 650 | 5 | 26 | -142 |
| **Kajima** | 370 | 10 | -1 | 40 |

Source: Markit Group

## Behind Asia's deals: Bank revenue rankings, Australia

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

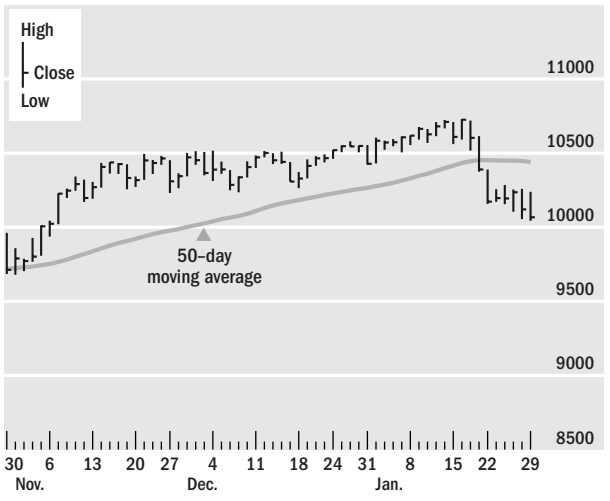
| | Revenue, in millions | Market share | PERCENTAGE OF TOTAL REVENUE Equity capital markets | Debt capital markets | Mergers & acquisitions | Loans |
|---|---|---|---|---|---|---|
| **UBS** | $301 | 14.4% | 81% | 9% | 10% | ... |
| **Macquarie Group** | 244 | 11.7 | 57 | 1 | 41 | ... |
| **Deutsche Bank** | 198 | 9.4 | 77 | 15 | 7 | ... |
| **Goldman Sachs** | 151 | 7.2 | 59 | 18 | 23 | ... |
| **JPMorgan** | 148 | 7.1 | 61 | 24 | 15 | ... |
| **Credit Suisse** | 140 | 6.7 | 78 | 7 | 15 | ... |
| **RBS** | 121 | 5.8 | 77 | 14 | 7 | 2% |
| **Citi** | 98 | 4.7 | 41 | 36 | 22 | ... |
| **Westpac** | 60 | 2.9 | 11 | 61 | ... | 27 |

Source: Dealogic

# SCANNING THE GLOBE

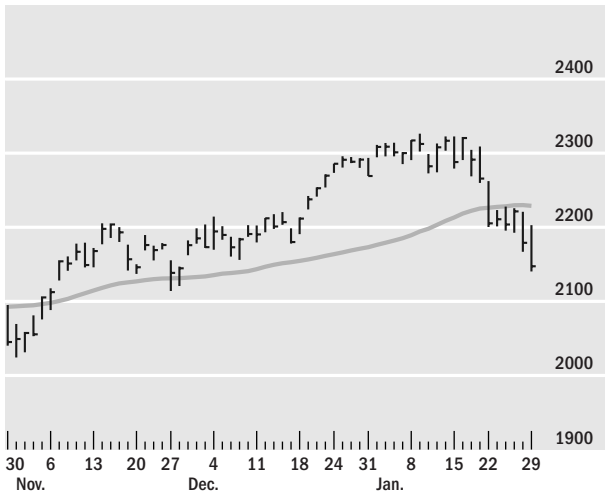
## Dow Jones Industrial Average P/E: 16

LAST: **10067.33** ▼ 53.13, or 0.52%
YEAR TO DATE: ▼ **360.72, or 3.5%**
OVER 52 WEEKS ▲ **2,066.47, or 25.8%**




## Nasdaq Composite Index P/E: 22*

LAST: **2147.35** ▼ 31.65, or 1.45%
YEAR TO DATE: ▼ **121.80, or 5.4%**
OVER 52 WEEKS ▲ **670.93, or 45.4%**




## S&P 500 Index P/E: 31

LAST: **1073.87** ▼ 10.66, or 0.98%
YEAR TO DATE: ▼ **41.23, or 3.7%**
OVER 52 WEEKS ▲ **247.99, or 30.0%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

## DJIA component stocks

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **AT&T** | T | **35.50** | $25.36 | -0.18 | **-0.70%** |
| **Alcoa** | AA | **40.20** | 12.73 | -0.19 | **-1.47** |
| **AmExpress** | AXP | **13.40** | 37.66 | 0.23 | **0.61** |
| **BankAm** | BAC | **156.50** | 15.18 | -0.19 | **-1.24** |
| **Boeing** | BA | **8.20** | 60.60 | -1.96 | **-3.13** |
| **Caterpillar** | CAT | **13.30** | 52.24 | 0.38 | **0.73** |
| **Chevron** | CVX | **13.70** | 72.12 | -1.12 | **-1.53** |
| **CiscoSys** | CSCO | **69.10** | 22.47 | -0.05 | **-0.22** |
| **CocaCola** | KO | **9.10** | 54.25 | 0.07 | **0.13** |
| **Disney** | DIS | **13.50** | 29.55 | 0.20 | **0.68** |
| **DuPont** | DD | **9.90** | 32.61 | 0.29 | **0.90** |
| **ExxonMobil** | XOM | **36.20** | 64.43 | -0.53 | **-0.82** |
| **GenElec** | GE | **73.60** | 16.08 | -0.08 | **-0.50** |
| **HewlettPk** | HPQ | **21.90** | 47.07 | -0.72 | **-1.51** |
| **HomeDpt** | HD | **21.00** | 28.01 | 0.67 | **2.45** |
| **Intel** | INTC | **89.30** | 19.40 | -0.52 | **-2.61** |
| **IBM** | IBM | **10.30** | 122.39 | -1.36 | **-1.10** |
| **JPMorgChas** | JPM | **48.90** | 38.94 | -0.54 | **-1.37** |
| **JohnsJohns** | JNJ | **16.10** | 62.86 | -0.94 | **-1.47** |
| **KftFoods** | KFT | **14.10** | 27.66 | -0.38 | **-1.36** |
| **McDonalds** | MCD | **6.40** | 62.43 | -0.40 | **-0.64** |
| **Merck** | MRK | **13.90** | 38.18 | 0.21 | **0.55** |
| **Microsoft** | MSFT | **181.60** | 28.18 | -0.98 | **-3.36** |
| **Pfizer** | PFE | **50.50** | 18.66 | 0.03 | **0.16** |
| **ProctGamb** | PG | **15.50** | 61.55 | -0.13 | **-0.21** |
| **3M** | MMM | **3.70** | 80.49 | -0.26 | **-0.32** |
| **TravelersCos** | TRV | **3.90** | 50.67 | 0.40 | **0.80** |
| **UnitedTech** | UTX | **6.10** | 67.48 | 0.11 | **0.16** |
| **Verizon** | VZ | **23.20** | 29.42 | 0.09 | **0.31** |
| **WalMart** | WMT | **22.50** | 53.43 | 0.82 | **1.56** |

## U.S. stocks: most active...

| Stock | Symbol | Volume, in millions | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|
| **Citigroup** | C | **678.6** | $3.32 | $0.08 | **2.47%** |
| **SPDR S&P 500** | SPY | **310.4** | 107.39 | –1.18 | **–1.09** |
| **PwrShrs QQQ** | QQQQ | **212.0** | 42.79 | –0.76 | **–1.75** |
| **Microsoft** | MSFT | **193.8** | 28.18 | –0.98 | **–3.36** |
| **SPDR FnclSelSct** | XLF | **180.9** | 14.18 | –0.10 | **–0.70** |
| **BankAm** | BAC | **174.8** | 15.18 | –0.19 | **–1.24** |
| **FordMotor** | F | **159.6** | 10.84 | –0.57 | **–5.00** |
| **iShrMSCIEmrgMkt** | EEM | **151.7** | 38.28 | –0.42 | **–1.09** |
| **SiriusXM** | SIRI | **118.2** | 0.84 | 0.03 | **3.11** |
| **Qualcomm** | QCOM | **112.8** | 39.19 | –1.29 | **–3.19** |
| **Motorola** | MOT | **104.3** | 6.15 | –0.33 | **–5.09** |
| **Intel** | INTC | **95.7** | 19.40 | –0.52 | **–2.61** |
| **DrxFinancBear 3x** | FAZ | **94.8** | 19.92 | 0.41 | **2.10** |
| **WellsFargo** | WFC | **88.7** | 28.43 | –0.02 | **–0.07** |
| **GenElec** | GE | **81.0** | 16.08 | –0.08 | **–0.50** |

## Biggest gainers...

| | | | | | |
|---|---|---|---|---|---|
| **CamcoFnl** | CAFI | **58.2** | $3.01 | $0.70 | **30.30%** |
| **TelularCp** | WRLS | **229.6** | 4.34 | 0.71 | **19.56** |
| **CapCross pfD** | CCPCN | **18.0** | 10.05 | 1.55 | **18.24** |
| **MercantileBcp** | MBR | **6.5** | 2.57 | 0.31 | **13.71** |
| **Optelcom NKF** | OPTC | **19.4** | 2.73 | 0.32 | **13.26** |

## ...Biggest losers

| | | | | | |
|---|---|---|---|---|---|
| **YuchengTech** | YTEC | **13,714.5** | $3.55 | -$3.19 | **-47.33%** |
| **CitznFndgTr I** | CTZA | **64.7** | 14.74 | -5.00 | **-25.33** |
| **HoriznLine** | HRZ | **1,130.3** | 4.74 | -1.33 | **-21.91** |
| **CapitlTr pfA** | CBCA | **15.4** | 2.30 | -0.55 | **-19.30** |
| **Theravance** | THRX | **1,693.6** | 10.97 | -2.53 | **-18.74** |

## ADRs of Asian companies*

| 52-WEEK High | 52-WEEK Low | Stock | Symbol | Volume, in OOOs | Latest | CHANGE Points | CHANGE Percentage |
|---|---|---|---|---|---|---|---|
| $11.69 | $6.88 | **Taiwan Semi** | TSM | **28,905.7** | $10.16 | 0.11 | **1.09%** |
| 4.24 | 1.65 | **Utd Microelectronics** | UMC | **8,263.5** | 3.51 | -0.13 | **-3.57** |
| 82.74 | 33.09 | **BHP Billiton** | BHP | **5,709.1** | 69.37 | -2.40 | **-3.34** |
| 13.30 | 6.35 | **AU Optrncs** | AUO | **4,882.8** | 10.94 | -0.72 | **-6.17** |
| 8.19 | 3.93 | **Siliconware Prec Ind** | SPIL | **4,693.9** | 6.76 | -0.15 | **-2.17** |
| 15.95 | 8.65 | **China Unicom** | CHU | **3,206.3** | 11.20 | 0.21 | **1.91** |
| 59.13 | 22.61 | **Infosys Tech** | INFY | **2,209.7** | 51.91 | -0.43 | **-0.82** |
| 91.97 | 56.79 | **Toyota Motor** | TM | **2,097.0** | 77.00 | -0.67 | **-0.86** |
| 59.22 | 40.20 | **China Mobile** | CHL | **2,042.1** | 46.95 | -0.32 | **-0.68** |
| 6.84 | 3.71 | **Mitsu UFJ Fnl** | MTU | **1,826.3** | 5.13 | -0.05 | **-0.97** |
| 18.64 | 12.59 | **SK Telecom** | SKM | **1,825.4** | 17.33 | -0.32 | **-1.81** |
| 18.20 | 6.85 | **Korea Elec Pwr** | KEP | **1,177.6** | 16.25 | -0.42 | **-2.52** |
| 7.74 | 2.00 | **Alumina** | AWC | **1,135.7** | 5.47 | -0.25 | **-4.37** |
| 81.00 | 38.70 | **China Life Ins** | LFC | **1,067.0** | 66.04 | 0.91 | **1.40** |
| 21.78 | 11.30 | **KT Corp** | KT | **1,048.7** | 21.13 | -0.10 | **-0.47** |
| 150.50 | 47.09 | **POSCO** | PKX | **940.2** | 112.95 | -4.82 | **-4.09** |
| 34.99 | 15.64 | **Sony** | SNE | **927.1** | 33.23 | -0.57 | **-1.69** |
| 5.23 | 1.51 | **Adv Semi Engrg** | ASX | **776.1** | 3.90 | -0.16 | **-3.94** |
| 34.27 | 10.70 | **Aluminum Cp of China** | ACH | **763.4** | 24.81 | -0.46 | **-1.82** |
| 21.22 | 16.33 | **ChunghwaTel** | CHT@ | **728.1** | 18.98 | 0.28 | **1.50** |
| 43.95 | 21.23 | **Canon** | CAJ | **602.9** | 39.11 | -1.19 | **-2.95** |
| 25.59 | 17.71 | **NTT** | NTT | **556.7** | 21.10 | -0.21 | **-0.99** |
| 37.23 | 20.72 | **Honda Motor** | HMC | **533.4** | 33.91 | -0.56 | **-1.62** |
| 9.50 | 3.96 | **Nomura Hldgs** | NMR | **529.5** | 7.48 | -0.09 | **-1.19** |
| 25.65 | 5.11 | **Yanzhou Coal Mining** | YZC | **442.3** | 19.42 | -0.48 | **-2.41** |
| 17.19 | 10.60 | **Matsushita Elec** | PC | **357.7** | 15.71 | -0.26 | **-1.63** |
| 135.92 | 63.94 | **PetroChina** | PTR | **342.3** | 111.49 | -1.28 | **-1.14** |
| 18.21 | 13.11 | **NTT DoCoMo** | DCM | **280.2** | 14.90 | -0.12 | **-0.80** |
| 171.59 | 75.59 | **CNOOC** | CEO | **265.6** | 139.83 | -5.15 | **-3.55** |
| 9.82 | 5.43 | **Telecom Corp of NZ** | NZT | **249.9** | 8.37 | -0.12 | **-1.41** |

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

## Global government bonds

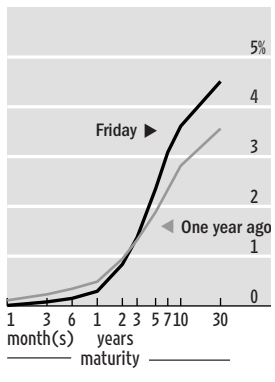
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

| Coupon | Country/ Maturity, in years | Yield | SPREAD OVER TREASURYS, in basis points: Latest | Previous | Month ago | Year ago | YIELD: Previous | Month ago | Year ago |
|---|---|---|---|---|---|---|---|---|---|
| 5.750% | **Australia** 2 | **4.195%** | **335.2** | 346.9 | 339.7 | **151.9** | **4.360%** | 4.493% | **2.470%** |
| 4.500 | 10 | **5.430** | **181.9** | 185.7 | 202.4 | **121.3** | **5.520** | 5.827 | **4.075** |
| 5.000 | **Austria** 2 | **1.583** | **74.0** | 71.1 | 63.2 | **54.3** | **1.602** | 1.728 | **1.494** |
| 3.900 | 10 | **3.650** | **3.9** | 2.4 | 5.0 | **131.3** | **3.687** | 3.853 | **4.175** |
| 2.000 | **Belgium** 2 | **1.431** | **58.8** | 55.6 | 0.9 | **54.7** | **1.447** | 1.105 | **1.498** |
| 3.750 | 10 | **3.748** | **13.7** | 12.4 | -12.3 | **154.2** | **3.787** | 3.680 | **4.404** |
| 1.500 | **Canada** 2 | **1.333** | **49.0** | 48.7 | 35.6 | **45.3** | **1.378** | 1.452 | **1.404** |
| 3.750 | 10 | **3.338** | **-27.3** | -30.5 | -19.0 | **21.2** | **3.358** | 3.613 | **3.074** |
| 4.000 | **Denmark** 2 | **1.900** | **105.7** | 104.7 | 100.6 | **173.3** | **1.938** | 2.102 | **2.684** |
| 4.000 | 10 | **3.567** | **-4.4** | -9.0 | -15.6 | **86.0** | **3.573** | 3.647 | **3.722** |
| 3.750 | **France** 2 | **1.209** | **36.6** | 28.9 | 13.3 | **77.6** | **1.180** | 1.229 | **1.727** |
| 3.750 | 10 | **3.438** | **-17.3** | -20.4 | -22.8 | **88.4** | **3.459** | 3.575 | **3.746** |
| 1.250 | **Germany** 2 | **1.121** | **27.8** | 23.3 | 19.0 | **64.5** | **1.124** | 1.286 | **1.596** |
| 3.250 | 10 | **3.180** | **-43.1** | -46.6 | -44.3 | **40.5** | **3.197** | 3.360 | **3.267** |
| 0.550 | **Hong Kong** 2 | **0.696** | **-14.7** | -18.3 | -46.3 | **-26.9** | **0.708** | 0.633 | **0.682** |
| 2.160 | 10 | **3.023** | **-58.8** | -62.7 | -106.4 | **-124.8** | **3.036** | 2.739 | **1.614** |
| 5.000 | **Italy** 2 | **1.939** | **109.6** | 96.7 | 45.5 | **149.1** | **1.858** | 1.551 | **2.442** |
| 4.250 | 10 | **4.092** | **48.1** | 48.9 | 29.9 | **181.6** | **4.152** | 4.102 | **4.678** |
| 0.200 | **Japan** 2 | **0.165** | **-67.8** | -72.7 | -92.5 | **-50.5** | **0.164** | 0.171 | **0.446** |
| 1.300 | 10 | **1.330** | **-228.1** | -234.6 | -248.8 | **-159.5** | **1.317** | 1.315 | **1.267** |
| 2.500 | **Netherlands** 2 | **1.212** | **36.9** | 31.0 | -21.1 | **96.3** | **1.201** | 0.885 | **1.914** |
| 4.000 | 10 | **3.397** | **-21.4** | -25.5 | -26.8 | **109.3** | **3.408** | 3.535 | **3.955** |
| 3.200 | **Portugal** 2 | **2.300** | **145.7** | 93.2 | 28.7 | **106.8** | **1.823** | 1.383 | **2.019** |
| 4.750 | 10 | **4.389** | **77.8** | 79.9 | 24.3 | **164.6** | **4.462** | 4.046 | **4.508** |
| 5.350 | **Spain** 2 | **1.737** | **89.4** | 85.7 | 48.0 | **144.9** | **1.748** | 1.576 | **2.400** |
| 4.000 | 10 | **4.111** | **50.0** | 54.9 | 16.2 | **148.1** | **4.212** | 3.965 | **4.343** |
| 2.750 | **Switzerland** 2 | **0.561** | **-28.2** | -32.7 | -47.8 | **-45.6** | **0.564** | 0.618 | **0.495** |
| 2.250 | 10 | **2.003** | **-160.8** | -166.6 | -180.1 | **-68.9** | **1.997** | 2.002 | **2.173** |
| 3.250 | **U.K.** 2 | **1.271** | **42.8** | 38.3 | 29.5 | **50.3** | **1.274** | 1.391 | **1.454** |
| 4.500 | 10 | **3.910** | **29.9** | 26.6 | 27.5 | **82.5** | **3.929** | 4.078 | **3.687** |
| 0.875 | **U.S.** 2 | **0.843** | **...** | ... | ... | **...** | **0.891** | 1.096 | **0.951** |
| 3.375 | 10 | **3.611** | **...** | ... | ... | **...** | **3.663** | 3.803 | **2.862** |

Source: Thomson Reuters

## U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.




| Ryan Index | Yield to maturity | Modified duration | TOTAL RETURN Month to-date | Quarter to-date | Year to-date | 12-month |
|---|---|---|---|---|---|---|
| **30-year Treasury** | **4.510%** | 16.26 | 2.41% | 2.41% | 2.41% | –11.38% |
| **10-year Treasury** | **3.611** | 8.20 | 2.15 | 2.15 | 2.15 | –3.18 |
| **7 Year Treasury** | **3.087** | 6.24 | 2.30 | 2.30 | 2.30 | ... |
| **Five-year Treasury** | **2.353** | 4.70 | 1.64 | 1.64 | 1.64 | 2.18 |
| **Ryan Index** | **2.629** | 6.71 | 1.74 | 1.74 | 1.74 | –0.79 |
| **3 Year Treasury** | **1.375** | 2.89 | 1.13 | 1.13 | 1.13 | 3.02 |
| **Two-year Treasury** | **0.835** | 1.98 | 0.77 | 0.77 | 0.77 | 2.28 |
| **1 Year Treasury** | **0.295** | 0.96 | 0.20 | 0.20 | 0.20 | 1.23 |
| **Six-month Treasury** | **0.152** | 0.50 | 0.04 | 0.04 | 0.04 | 0.64 |
| **Ryan Cash Index-a** | **0.135** | 0.44 | 0.06 | 0.06 | 0.06 | 0.60 |
| **Three-month bill** | **0.081** | 0.25 | 0.01 | 0.01 | 0.01 | 0.37 |
| **One-month bill** | **0.010** | 0.07 | ... | ... | ... | 0.15 |

a-Performance of a cash investment

Source: Ryan ALM

## Key money rates

| | Latest | 52 wks ago |
|---|---|---|
| **Prime rates** | | |
| U.S. | **3.25%** | 3.25% |
| Canada | **2.25** | 3.00 |
| Japan | **1.475** | 1.475 |
| Britain | **0.50** | 1.50 |
| ECB | **1.00** | 2.00 |
| Switzerland | **0.53** | 0.52 |
| Australia | **3.75** | 4.25 |
| Hong Kong | **5.25** | 5.25 |
| **Libor** | | |
| One month | **0.22906%** | 0.41938% |
| Three month | **0.24906** | 1.18438 |
| Six month | **0.38438** | 1.66000 |
| One year | **0.84625** | 1.97500 |

| | Latest | 52 wks ago |
|---|---|---|
| **Euro Libor** | | |
| One month | **0.39000%** | 1.74250% |
| Three month | **0.60875** | 2.09063 |
| Six month | **0.92625** | 2.18563 |
| One year | **1.20250** | 2.28250 |
| **Hibor** | | |
| One month | **0.07964** | 0.39143% |
| Three month | **0.13000** | 0.98714 |
| Six month | **0.24929** | 1.29571 |
| One year | **0.54929** | 1.69571 |
| **Asian dollars** | | |
| One month | **0.2495%** | 0.42% |
| Three month | **0.2633** | 1.1800 |
| Six month | **0.4013** | 1.6460 |
| One year | **0.8675** | 1.9420 |

| | Offer | Bid |
|---|---|---|
| **Eurodollars** | | |
| One month | **0.3000%** | 0.2000% |
| Three month | **0.3300** | 0.2300 |
| Six month | **0.5500** | 0.3500 |
| One year | **0.8500** | 0.5000 |

| | Latest | 52 wks ago |
|---|---|---|
| **U.S. discount** | **0.50%** | 0.50% |
| **Fed-funds target** | **0.25** | 0.25 |
| **Call money** | **2.00** | 2.00 |
| **Overnight repurchase rates** | | |
| U.S. | **0.18%** | 0.28% |
| U.K. (BBA) | **0.500** | 1.508 |
| Euro zone | **0.30** | 1.23 |

Sources: WSJ Market Data Group; Reuters

# MARKETS LINEUP

## Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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## Asian index movers...

### Nikkei Stock Average
Japan 10198.04
▼ **2.08% or 216.25**

The index lost 3.3% in January to end at its lowest close since Dec. 21. Friday's loss came on continued selling over Toyota's recall and disappointing earnings from Advantest.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Mizuho Financial | **109.97** | 175 | –3 | –1.69 |
| Hitachi | **90.14** | 311 | –6 | –1.89 |
| Mtshbsh Fin Grp | **76.46** | 468 | –7 | –1.47 |
| Nippon Steel | **64.68** | 329 | –5 | –1.50 |
| MazdaMtr | **48.99** | 245 | 11 | 4.70 |

### Kospi
South Korea 1602.43
▼ **2.44% or 40.00**

The benchmark fell to its lowest close since Dec. 2 amid concerns about tightening monetary policy elsewhere. Friday's decline contributed much of January's 4.8% drop.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| Korea Data Sys | **120.09** | 320.00 | –20.00 | –5.88 |
| Samyang Optics | **27.49** | 1,325.00 | –25.00 | –1.85 |
| First Tech Elec | **14.59** | 2,540.00 | –320.00 | –11.19 |
| Baemyung Metal | **12.45** | 1,210.00 | –120.00 | –9.02 |
| Kec | **10.57** | 1,055.00 | –155.00 | –12.81 |

### ASX 200
Australia 4569.62
▼ **2.22% or 103.64**

The market fell 6.2% in January, its worst monthly showing since November 2008. It lost 3.8% in the week, its biggest weekly decline in three months.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| GPT Group | **82.95** | 0.57 | unch | ... |
| Boart Longyear | **81.13** | 0.34 | –0.01 | –2.90 |
| Telstra | **72.99** | 3.34 | –0.08 | –2.34 |
| MacquarieOffTrust | **55.19** | 0.30 | unch | ... |
| Lihir Gold | **50.57** | 2.77 | –0.12 | –4.15 |

### Hang Seng
Hong Kong 20121.99
▼ **1.15% or 234.38**

The 8% drop in January, much of it over a six-day slide late in the month, snapped a run of four monthly gains and is the biggest monthly drop since October 2008.

| Stock | Volume in millions | Close | Change Net | Change % |
|---|---|---|---|---|
| CCB | **325.12** | 5.98 | –0.14 | –2.29 |
| Bank Of China | **315.78** | 3.75 | –0.05 | –1.32 |
| Icbc | **313.21** | 5.70 | –0.12 | –2.06 |
| CNOOC | **121.47** | 11.04 | –0.44 | –3.83 |
| ChinaPetroChem | **91.64** | 6.11 | –0.11 | –1.77 |

## Asian stocks in the news

### Li & Fung
Hong Kong HK$35.60
▲ **3.4% or HK$3.30**

0

| | Price-to-earnings ratio | | | **19** |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **4682.90** |
| | Dividend yield | | | **1.3** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Personal & Hshld Gds | | **-2.2%** | -3.2% | 32.2% |
| Li & Fung | | **3.4%** | 6.7% | 5.6% |

### Fuji Elec Hldgs
Japan ¥180
▲ **8.4% or ¥14**

0

| | Price-to-earnings ratio | | | |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **-12.10** |
| | Dividend yield | | | **none** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Indus Gds & Svcs | | **-1.7%** | -4.3% | 51.6% |
| Fuji Elec Hldgs | | **8.4%** | 7.8% | 65.1% |

### Omron
Japan ¥1,799
▲ **5.9% or ¥101**

0

| | Price-to-earnings ratio | | | **144** |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **12.50** |
| | Dividend yield | | | **0.8** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Indus Gds & Svcs | | **-1.7%** | -4.3% | 51.6% |
| Omron | | **5.9%** | -1.1% | 67.0% |

### Lenovo Grp
Hong Kong HK$5.37
▲ **3.5% or HK$0.18**

0

| | Price-to-earnings ratio | | | |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **-0.28** |
| | Dividend yield | | | **0.2** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Technology | | **-2.3%** | -4.6% | 70.2% |
| Lenovo Grp | | **3.5%** | -5.0% | 265.3% |

### Jupiter Telecom
Japan ¥90,500
▲ **3.4% or ¥3,000**

0

| | Price-to-earnings ratio | | | **19** |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **4682.90** |
| | Dividend yield | | | **1.3** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Media | | **-1.8%** | -2.3% | 35.1% |
| Jupiter Telecom | | **3.4%** | 6.7% | 5.6% |

### Advantest
Japan ¥2,253
▼ **10.2% or ¥257**

0

| | Price-to-earnings ratio | | | |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **-67.60** |
| | Dividend yield | | | **0.4** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Technology | | **-2.3%** | -4.6% | 70.2% |
| Advantest | | **-10.2%** | -10.2% | 82.4% |

### Elpida Memory Inc.
Japan ¥1,601
▼ **9.0% or ¥158**

0

| | Price-to-earnings ratio | | | |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **-30.50** |
| | Dividend yield | | | **none** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Technology | | **-2.3%** | -4.6% | 70.2% |
| Elpida Memory Inc. | | **-9.0%** | -6.4% | 146.7% |

### Macarthur Coal
Australia A$9.45
▼ **7.9% or A$0.81**

0

| | Price-to-earnings ratio | | | **12** |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **0.79** |
| | Dividend yield | | | **1.4** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Basic Resources | | **-3.0%** | -7.2% | 68.6% |
| Macarthur Coal | | **-7.9%** | -7.1% | 215.0% |

### Sumco
Japan ¥1,558
▼ **6.5% or ¥109**

0

| | Price-to-earnings ratio | | | |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **-388.00** |
| | Dividend yield | | | **none** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Technology | | **-2.3%** | -4.6% | 70.2% |
| Sumco | | **-6.5%** | -10.6% | 30.7% |

### Hitachi Con Machinery
Japan ¥1,906
▼ **6.3% or ¥128**

0

| | Price-to-earnings ratio | | | **82** |
|---|---|---|---|---|
| | Earnings per share, past four quarters | | | **23.20** |
| | Dividend yield | | | **0.5** |
| | | PERCENTAGE CHANGE Daily | 1 wk. | 52 wks |
| Indus Gds & Svcs | | **-1.7%** | -4.3% | 51.6% |
| Hitachi Con Machinery | | **-6.3%** | -19.8% | 110.6% |

# GLOBAL MARKETS LINEUP

## Commodities

Prices of futures contracts with the most open interest

**EXCHANGE LEGEND: CBOT:** Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

| Commodity | Exchange | Last price | ONE-DAY CHANGE Net | ONE-DAY CHANGE Percentage | Contract high | Contract low |
|---|---|---|---|---|---|---|
| **Corn** (cents/bu.) | CBOT | **356.50** | -5.25 | **-1.45%** | 712.25 | 315.50 |
| **Soybeans** (cents/bu.) | CBOT | **914.00** | -17.75 | **-1.91** | 1,560.00 | 805.00 |
| **Wheat** (cents/bu.) | CBOT | **474.00** | -13.00 | **-2.67** | 1,029.25 | 459.00 |
| **Live cattle** (cents/lb.) | CME | **89.375** | 0.175 | **0.20%** | 95.175 | 85.050 |
| **Cocoa** ($/ton) | ICE-US | **3,184** | -76 | **-2.33** | 3,510 | 1,994 |
| **Coffee** (cents/lb.) | ICE-US | **131.70** | -1.25 | **-0.94** | 188.65 | 115.00 |
| **Sugar** (cents/lb.) | ICE-US | **29.90** | 0.90 | **3.10** | 30.33 | 11.91 |
| **Cotton** (cents/lb.) | ICE-US | **69.03** | -0.11 | **-0.16** | 84.00 | 49.67 |
| **Crude palm oil** (ringgit/ton) | MDEX | **2,445.00** | -6 | **-0.24** | 2,743 | 2,150 |
| **Cocoa** (pounds/ton) | LIFFE | **2,233** | -12 | **-0.53** | 2,350 | 1,310 |
| **Robusta coffee** ($/ton) | LIFFE | **1,324** | -6 | **-0.45** | 1,710 | 1,300 |
| **Copper** (cents/lb.) | COMEX | **305.25** | -4.55 | **-1.47** | 365.00 | 135.50 |
| **Gold** ($/troy oz.) | COMEX | **1083.80** | -1.00 | **-0.09** | 1,229.00 | 785.10 |
| **Silver** (cents/troy oz.) | COMEX | **1619.00** | -2.20 | **-0.14** | 2,011.50 | 1,045.00 |
| **Aluminum** ($/ton) | LME | **2,095.00** | -59.50 | **-2.76** | 2,356.50 | 1,288.00 |
| **Tin** ($/ton) | LME | **17,050.00** | -600.00 | **-3.40** | 18,250.00 | 9,945.00 |
| **Copper** ($/ton) | LME | **6,867.00** | -197.50 | **-2.80** | 7,695.00 | 3,145.00 |
| **Lead** ($/ton) | LME | **2,085.00** | -19.50 | **-0.93** | 2,615.00 | 995.00 |
| **Zinc** ($/ton) | LME | **2,133.00** | -35.00 | **-1.61** | 2,659.00 | 1,086.00 |
| **Nickel** ($/ton) | LME | **18,720** | 570 | **3.14** | 21,150 | 9,475 |
| **Crude oil** ($/bbl.) | NYMEX | **72.89** | -0.75 | **-1.02** | 141.30 | 48.78 |
| **Heating oil** ($/gal.) | NYMEX | **1.9130** | -0.0160 | **-0.83** | 3.5280 | 1.3800 |
| **RBOB gasoline** ($/gal.) | NYMEX | **1.9134** | -0.0140 | **-0.73** | 2.2003 | 1.2176 |
| **Natural gas** ($/mmBtu) | NYMEX | **5.131** | -0.007 | **-0.14** | 12.590 | 4.550 |
| **Brent crude** ($/bbl.) | ICE-EU | **71.46** | -0.67 | **-0.93** | 98.10 | 49.10 |
| **Gas oil** ($/ton) | ICE-EU | **593.25** | 3.25 | **0.55** | 688.00 | 502.25 |

Source: Thomson Reuters; WSJ Market Data Group

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## Currencies

London close on Jan. 29

| AMERICAS | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Argentina** peso-a | 5.3142 | 0.1882 | 3.8230 | 0.2616 |
| **Brazil** real | 2.6009 | 0.3845 | 1.8711 | 0.5344 |
| **Canada** dollar | 1.4805 | 0.6755 | 1.0651 | 0.9389 |
| 1-mo. forward | 1.4805 | 0.6754 | 1.0651 | 0.9389 |
| 3-mos. forward | 1.4807 | 0.6754 | 1.0652 | 0.9388 |
| 6-mos. forward | 1.4808 | 0.6753 | 1.0653 | 0.9387 |
| **Chile** peso | 729.43 | 0.001371 | 524.75 | 0.001906 |
| **Colombia** peso | 2758.35 | 0.0003625 | 1984.35 | 0.0005039 |
| **Ecuador** US dollar-f | 1.3901 | 0.7194 | 1 | 1 |
| **Mexico** peso-a | 18.0303 | 0.0555 | 12.9710 | 0.0771 |
| **Peru** sol | 3.9683 | 0.2520 | 2.8548 | 0.3503 |
| **Uruguay** peso-e | 27.245 | 0.0367 | 19.600 | 0.0510 |
| **U.S.** dollar | 1.3901 | 0.7194 | 1 | 1 |
| **Venezuela** bolivar | 5.97 | 0.167510 | 4.29 | 0.232848 |
| **ASIA-PACIFIC** | | | | |
| **Australia** dollar | 1.5640 | 0.6394 | 1.1251 | 0.8888 |
| **China** yuan | 9.4897 | 0.1054 | 6.8269 | 0.1465 |
| **Hong Kong** dollar | 10.7946 | 0.0926 | 7.7656 | 0.1288 |
| **India** rupee | 64.1925 | 0.0156 | 46.1800 | 0.0217 |
| **Indonesia** rupiah | 12997 | 0.0000769 | 9350 | 0.0001070 |
| **Japan** yen | 126.03 | 0.007935 | 90.67 | 0.011030 |
| 1-mo. forward | 126.02 | 0.007935 | 90.66 | 0.011031 |
| 3-mos. forward | 125.98 | 0.007938 | 90.63 | 0.011034 |
| 6-mos. forward | 125.90 | 0.007943 | 90.57 | 0.011041 |
| **Malaysia** ringgit-c | 4.7425 | 0.2109 | 3.4118 | 0.2931 |
| **New Zealand** dollar | 1.9718 | 0.5071 | 1.4185 | 0.7050 |
| **Pakistan** rupee | 117.598 | 0.0085 | 84.600 | 0.0118 |
| **Philippines** peso | 64.498 | 0.0155 | 46.400 | 0.0216 |
| **Singapore** dollar | 1.9516 | 0.5124 | 1.4040 | 0.7123 |
| **South Korea** won | 1610.93 | 0.0006208 | 1158.90 | 0.0008629 |
| **Taiwan** dollar | 44.433 | 0.02251 | 31.965 | 0.03128 |
| **Thailand** baht | 46.115 | 0.02168 | 33.175 | 0.03014 |

| EUROPE | Per euro | In euros | Per U.S. dollar | In U.S. dollars |
|---|---|---|---|---|
| **Euro zone** euro | 1 | 1 | 0.7194 | 1.3901 |
| 1-mo. forward | 1.0001 | 0.9999 | 0.7194 | 1.3900 |
| 3-mos. forward | 1.0002 | 0.9998 | 0.7196 | 1.3897 |
| 6-mos. forward | 1.0008 | 0.9992 | 0.7199 | 1.3890 |
| **Czech Rep.** koruna-b | 26.134 | 0.0383 | 18.801 | 0.0532 |
| **Denmark** krone | 7.4457 | 0.1343 | 5.3564 | 0.1867 |
| **Hungary** forint | 271.11 | 0.003689 | 195.04 | 0.005127 |
| **Norway** krone | 8.1892 | 0.1221 | 5.8913 | 0.1697 |
| **Poland** zloty | 4.0311 | 0.2481 | 2.9000 | 0.3448 |
| **Russia** ruble-d | 42.164 | 0.02372 | 30.333 | 0.03297 |
| **Sweden** krona | 10.2040 | 0.0980 | 7.3408 | 0.1362 |
| **Switzerland** franc | 1.4653 | 0.6824 | 1.0542 | 0.9486 |
| 1-mo. forward | 1.4651 | 0.6826 | 1.0540 | 0.9488 |
| 3-mos. forward | 1.4645 | 0.6828 | 1.0536 | 0.9491 |
| 6-mos. forward | 1.4636 | 0.6833 | 1.0529 | 0.9498 |
| **Turkey** lira | 2.0729 | 0.4824 | 1.4913 | 0.6706 |
| **U.K.** pound | 0.8676 | 1.1526 | 0.6242 | 1.6022 |
| 1-mo. forward | 0.8678 | 1.1523 | 0.6243 | 1.6018 |
| 3-mos. forward | 0.8682 | 1.1518 | 0.6246 | 1.6011 |
| 6-mos. forward | 0.8688 | 1.1510 | 0.6250 | 1.6000 |
| **MIDDLE EAST/AFRICA** | | | | |
| **Bahrain** dinar | 0.5240 | 1.9082 | 0.3770 | 2.6526 |
| **Egypt** pound-a | 7.5966 | 0.1316 | 5.4650 | 0.1830 |
| **Israel** shekel | 5.1714 | 0.1934 | 3.7203 | 0.2688 |
| **Jordan** dinar | 0.9845 | 1.0157 | 0.7083 | 1.4119 |
| **Kuwait** dinar | 0.3996 | 2.5023 | 0.2875 | 3.4783 |
| **Lebanon** pound | 2085.77 | 0.0004794 | 1500.50 | 0.0006665 |
| **Saudi Arabia** riyal | 5.2129 | 0.1918 | 3.7502 | 0.2667 |
| **South Africa** rand | 10.4865 | 0.0954 | 7.5440 | 0.1326 |
| **United Arab** dirham | 5.1057 | 0.1959 | 3.6731 | 0.2723 |
| **SDR** -f | 0.8930 | 1.1198 | 0.6424 | 1.5566 |

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

## Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

| Price-to-earnings ratio* | Region/Country | Index | PREVIOUS SESSION Close | Net change | Percentage change | PERFORMANCE Yr.-to-date | 52-wk. |
|---|---|---|---|---|---|---|---|
| 51 | **ASIA-PACIFIC** | DJ Asia-Pacific | 119.52 | -2.16 | **-1.78%** | -2.9% | 37.6% |
| ... | Australia | SPX/ASX 200 | 4569.62 | -103.64 | **-2.22** | -6.2 | 29.1 |
| 27 | China | CBN 600 | 26481.70 | 29.99 | **0.11%** | -8.8 | 59.1 |
| 19 | Hong Kong | Hang Seng | 20121.99 | -234.38 | **-1.15** | -8.0 | 51.5 |
| 18 | India | Sensex | 16357.96 | 51.09 | **0.31** | -6.3 | 73.6 |
| ... | Indonesia | Jakarta Composite | 2610.796 | -8.769 | **-0.33** | 3.0 | 95.9 |
| ... | Japan | Nikkei Stock Average | 10198.04 | -216.25 | **-2.08** | -3.3 | 27.6 |
| ... | | Topix | 901.12 | -13.20 | **-1.44** | -0.7 | 13.5 |
| ... | Malaysia | Kuala Lumpur Composite | 1259.16 | -5.35 | **-0.42** | -1.1 | 42.4 |
| ... | New Zealand | NZSX-50 | 3164.654 | -18.950 | **-0.60** | -2.0 | 14.1 |
| 9 | Pakistan | KSE 100 | 9614.19 | 34.38 | **0.36** | 2.4 | 78.8 |
| 14 | Philippines | Manila Composite | 2953.19 | -8.44 | **-0.28** | -3.3 | 61.8 |
| ... | Singapore | Straits Times | 2745.35 | -12.33 | **-0.45** | -5.3 | 57.2 |
| 11 | South Korea | Kospi | 1602.43 | -40.00 | **-2.44** | -4.8 | 37.9 |
| 20 | Taiwan | Weighted | 7640.44 | -54.14 | **-0.70** | -6.7 | 79.9 |
| 10 | Thailand | SET | 696.55 | 6.83 | **0.99** | -5.2 | 59.1 |
| 58 | **EUROPE** | DJ Stoxx 600 | 246.96 | 2.35 | **0.96** | -2.4 | 29.1 |
| 23 | | DJ Stoxx 50 | 2478.51 | 24.39 | **0.99** | -3.9 | 25.0 |
| 70 | **Euro Zone** | DJ Euro Stoxx | 261.87 | 3.25 | **1.26%** | -4.7% | 26.5% |
| 21 | | DJ Euro Stoxx 50 | 2776.83 | 39.50 | **1.44** | -6.4 | 24.1 |
| 19 | Denmark | OMX Copenhagen | 333.39 | 3.51 | **1.06** | 5.6 | 38.9 |
| 20 | Finland | OMX Helsinki | 6704.05 | 81.38 | **1.23** | 3.8 | 31.3 |
| 18 | France | CAC-40 | 3739.46 | 50.67 | **1.37** | -5.0 | 25.7 |
| 23 | Germany | DAX | 5608.79 | 68.46 | **1.24** | -5.9 | 29.3 |
| 14 | Italy | FTSE MIB | 21896.29 | 293.16 | **1.36** | -5.8 | 22.1 |
| ... | Netherlands | AEX | 327.90 | 3.95 | **1.22** | -2.2 | 31.9 |
| ... | Russia | RTSI | 1473.81 | 12.83 | **0.88** | 3.3 | 175.5 |
| 10 | Spain | IBEX 35 | 10947.7 | 118.4 | **1.09** | -8.3 | 29.6 |
| 14 | Switzerland | SMI | 6440.72 | -1.69 | **-0.03%** | -1.6 | 21.8 |
| ... | Turkey | ISE National 100 | 54650.58 | -119.88 | **-0.22** | 3.5 | 110.7 |
| 14 | U.K. | FTSE 100 | 5188.52 | 42.78 | **0.83** | -4.1 | 25.0 |
| 21 | **AMERICAS** | DJ Americas | 283.81 | -3.22 | **-1.12** | -4.3 | 35.8 |
| ... | Brazil | Bovespa | 65401.77 | -186.03 | **-0.28** | -4.6 | 66.4 |
| ... | Argentina | Merval | 2298.55 | 4.74 | **0.21** | -1.0 | 113.4 |
| 20 | Mexico | IPC | 30391.61 | -419.74 | **-1.36** | -5.4 | 55.3 |

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

**Thomson Reuters** is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

## Dow Jones and Dow Jones Stoxx Indexes

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | Year-to-date | 52-wk. | Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.21% | 21 | **DJ Global Index** | 217.37 | -1.76 | **-0.80%** | -4.2% | 38.2% | -7.9% |
| | | **Global DOW** | 1883.85 | -12.02 | **-0.63** | -5.1 | 36.5 | -4.5 |
| 2.39 | | **Asia/Pacific 600** | 112.82 | -2.54 | **-2.20** | -1.6 | 27.9 | -8.6 |
| 1.78 | 15 | **Emerging Markets** | 264.38 | -1.74 | **-0.65** | -5.6 | 78.4 | 2.0 |
| 2.19 | 51 | **Asia/Pacific** | 119.52 | -2.16 | **-1.77** | -2.9 | 37.6 | -6.6 |
| 2.49 | 17 | **Asia/Pacific ex-Japan** | 295.84 | -4.36 | **-1.45** | -6.2 | 73.5 | -1.2 |
| 2.63 | 23 | **Southeast Asia** | 153.53 | -0.71 | **-0.46** | -4.6 | 81.5 | 0.6 |
| 0.89 | 27 | **CBN China 600** -c | 26481.70 | 29.99 | **0.11** | -8.8 | 59.1 | 10.2 |
| 0.92 | 30 | **Shanghai** | 355.87 | 0.23 | **0.06** | -8.2 | 59.0 | 10.5 |
| 0.61 | 44 | **Shenzhen** | 387.80 | 2.12 | **0.55** | -6.9 | 83.0 | 17.4 |
| 2.41 | 18 | **China Offshore 50** | 3697.75 | -43.76 | **-1.17** | -9.3 | 54.2 | 4.4 |
| 7.62 | 9 | **Australia LPT** -c, d | 1131.82 | -13.84 | **-1.21** | -2.7 | 14.6 | -23.0 |

| Dividend yield* | Price-to-earnings ratio* | Dows Jones Index | Last | Net change | PERFORMANCE Daily | Year-to-date | 52-wk. | Three-yr., annualized |
|---|---|---|---|---|---|---|---|---|
| 2.13% | 15 | **Islamic Market** | 1890.15 | -18.57 | **-0.97%** | -4.3% | 36.2% | -3.1% |
| 2.43 | 16 | **Islamic Market 100** | 2035.00 | -17.40 | **-0.85** | -4.1 | 25.8 | -3.7 |
| 9.47 | 16 | **Bahrain** | 123.04 | -0.23 | **-0.19** | 1.1 | -11.6 | -12.8 |
| 2.99 | 37 | **Kuwait** | 187.96 | -4.24 | **-2.22** | -3.5 | 1.4 | -17.1 |
| 2.66 | 20 | **Sustainability** | 958.77 | -4.28 | **-0.44** | -5.3 | 38.6 | -9.0 |
| 2.53 | 58 | **Stoxx 600** | 256.36 | 1.33 | **0.52** | -5.8 | 40.1 | -10.8 |
| 4.09 | 18 | **Stoxx Select Div 30** | 1694.67 | 10.23 | **0.61** | -5.6 | 39.9 | -22.7 |
| 3.67 | 25 | **Euro Stoxx Sel Div 30** | 2015.77 | 18.45 | **0.92** | -5.2 | 46.7 | -18.3 |
| 1.78 | 30 | **DJ U.S. TSM** | 11099.42 | -109.30 | **-0.98** | -3.5 | 33.2 | -8.2 |
| 4.28 | 15 | **U.S. Select Dividend -d** | 632.46 | -5.52 | **-0.87** | -2.8 | 28.6 | -10.9 |
| 4.87 | | **U.S. REIT** | 138.18 | -0.65 | **-0.47** | -4.9 | 36.7 | -21.2 |
| | | **DJ-UBS Commodity -p** | 129.05 | -1.00 | **-0.77** | -7.3 | 16.3 | -7.0 |

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

## Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

| | US$ | A$ | £ | C$ | YUAN | EURO | HK$ | RUPEE | RUPIAH | YEN | NZ$ | WON | RINGGIT | PH. PESO | S$ | S FRANC | TW$ | BAHT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **U.S.** | | 1.125 | 0.624 | 1.065 | 6.827 | 0.719 | 7.766 | 46.180 | 9350.16 | 90.665 | 1.419 | 1158.90 | 3.412 | 46.400 | 1.404 | 1.054 | 31.965 | 33.175 |
| **Australia** | 0.889 | | 0.555 | 0.947 | 6.068 | 0.639 | 6.902 | 41.045 | 8310.43 | 80.583 | 1.261 | 1030.03 | 3.032 | 41.240 | 1.248 | 0.937 | 28.410 | 29.486 |
| **Britain** | 1.602 | 1.803 | | 1.706 | 10.938 | 1.153 | 12.442 | 73.987 | 14980.36 | 145.259 | 2.273 | 1856.73 | 5.466 | 74.340 | 2.249 | 1.689 | 51.213 | 53.151 |
| **Canada** | 0.939 | 1.056 | 0.586 | | 6.410 | 0.675 | 7.291 | 43.359 | 8779.08 | 85.127 | 1.332 | 1088.11 | 3.203 | 43.566 | 1.318 | 0.990 | 30.013 | 31.149 |
| **China** | 0.1465 | 0.165 | 0.091 | 0.156 | | 0.105 | 1.138 | 6.764 | 1369.62 | 13.281 | 0.208 | 169.76 | 0.500 | 6.797 | 0.206 | 0.154 | 4.682 | 4.859 |
| **Euro** | 1.390 | 1.564 | 0.868 | 1.480 | 9.490 | | 10.795 | 64.192 | 12997.20 | 126.029 | 1.972 | 1610.92 | 4.743 | 64.498 | 1.952 | 1.465 | 44.433 | 46.115 |
| **Hong Kong** | 0.129 | 0.145 | 0.080 | 0.137 | 0.879 | 0.093 | | 5.947 | 1204.05 | 11.675 | 0.183 | 149.23 | 0.439 | 5.975 | 0.181 | 0.136 | 4.116 | 4.272 |
| **India** | 0.0217 | 0.0244 | 0.0135 | 0.0231 | 0.1478 | 0.0156 | 0.1682 | | 202.47 | 1.9633 | 0.0307 | 25.10 | 0.0739 | 1.0048 | 0.0304 | 0.0228 | 0.6922 | 0.7184 |
| **Indonesia** | 0.0001 | 0.0001 | 0.0001 | 0.0001 | 0.0007 | 0.0001 | 0.0008 | 0.0049 | | 0.0097 | 0.0002 | 0.12 | 0.0004 | 0.0050 | 0.0002 | 0.0001 | 0.0034 | 0.0035 |
| **Japan** | 0.011 | 0.012 | 0.007 | 0.012 | 0.075 | 0.008 | 0.086 | 0.509 | 103.13 | | 0.016 | 12.78 | 0.038 | 0.512 | 0.015 | 0.012 | 0.353 | 0.366 |
| **New Zealand** | 0.705 | 0.793 | 0.440 | 0.751 | 4.813 | 0.507 | 5.474 | 32.555 | 6591.40 | 63.914 | | 816.96 | 2.405 | 32.710 | 0.990 | 0.743 | 22.534 | 23.387 |
| **South Korea** | 0.0009 | 0.0010 | 0.0005 | 0.0009 | 0.0059 | 0.0006 | 0.0067 | 0.0398 | 8.07 | 0.0782 | 0.0012 | | 0.0029 | 0.0400 | 0.0012 | 0.0009 | 0.0276 | 0.0286 |
| **Malaysia** | 0.293 | 0.330 | 0.183 | 0.312 | 2.001 | 0.211 | 2.276 | 13.536 | 2740.58 | 26.574 | 0.416 | 339.68 | | 13.600 | 0.412 | 0.309 | 9.369 | 9.724 |
| **Philippines** | 0.022 | 0.024 | 0.013 | 0.023 | 0.147 | 0.016 | 0.167 | 0.995 | 201.51 | 1.954 | 0.031 | 24.98 | 0.074 | | 0.030 | 0.023 | 0.689 | 0.715 |
| **Singapore** | 0.712 | 0.801 | 0.445 | 0.759 | 4.863 | 0.512 | 5.531 | 32.893 | 6659.90 | 64.578 | 1.010 | 825.45 | 2.430 | 33.050 | | 0.751 | 22.768 | 23.630 |
| **Switzerland** | 0.949 | 1.067 | 0.592 | 1.010 | 6.476 | 0.682 | 7.367 | 43.808 | 8869.86 | 86.008 | 1.346 | 1099.37 | 3.236 | 44.016 | 1.332 | | 30.323 | 31.471 |
| **Taiwan** | 0.031 | 0.035 | 0.020 | 0.033 | 0.214 | 0.023 | 0.243 | 1.445 | 292.51 | 2.836 | 0.044 | 36.26 | 0.107 | 1.452 | 0.044 | 0.033 | | 1.038 |
| **Thailand** | 0.030 | 0.034 | 0.019 | 0.032 | 0.206 | 0.022 | 0.234 | 1.392 | 281.84 | 2.733 | 0.043 | 34.93 | 0.103 | 1.399 | 0.042 | 0.032 | 0.964 | |

Source: Thomson Reuters via WSJ Market Data Group

## MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of January. 29, 2010

| Dividend yield | Price-to-earnings ratio | Morgan Stanley Index | Last | LOCAL-CURRENCY PERFORMANCE Daily | YTD | 52-wk. |
|---|---|---|---|---|---|---|
| 2.40% | 27 | **ALL COUNTRY (AC) WORLD*** | 288.54 | -0.76% | **n.a.** | 26.7% |
| 2.40 | 28 | **World (Developed Markets)** | 1,128.32 | -1.05 | **n.a.** | 22.6 |
| 1.80 | 117 | **World Small Cap** | 187.38 | -0.84 | **n.a.** | 39.6 |
| 2.50 | 23 | **Kokusai (World ex-Japan)** | 1,110.23 | -1.19 | **n.a.** | 24.4 |
| 2.90 | 28 | **EAFE** | 1,517.20 | -0.97 | **n.a.** | 22.6 |
| 2.00 | 20 | **Emerging Markets (EM)** | 940.07 | 1.22 | **n.a.** | 65.8 |
| 2.40 | 24 | **AC ASIA PACIFIC EX-JAPAN** | 396.45 | 1.36 | **n.a.** | 60.3 |
| 2.00 | 24 | **AC Far East ex-Japan** | 427.23 | 1.76 | **n.a.** | 56.7 |
| 1.70 | -35 | **Japan** | 572.39 | 0.73 | **n.a.** | 8.0 |
| 1.90 | 21 | **China** | 59.93 | 1.81 | **n.a.** | 46.9 |
| 0.80 | 40 | **China A (China Domestic)** | 3,062.97 | 0.50 | **n.a.** | 76.6 |
| 2.60 | 24 | **Hong Kong** | 9,576.80 | 0.70 | **n.a.** | 46.1 |
| 0.90 | 21 | **India** | 662.54 | 0.51 | **n.a.** | 79.4 |
| 1.00 | 17 | **Korea** | 467.54 | 1.36 | **n.a.** | 52.3 |
| 2.40 | 20 | **Malaysia** | 464.88 | -0.13 | **n.a.** | 44.7 |
| 2.90 | 18 | **Singapore** | 1,533.76 | 2.14 | **n.a.** | 53.9 |
| 2.50 | 248 | **Taiwan** | 278.19 | 1.45 | **n.a.** | 60.5 |
| 2.90 | 19 | **Thailand** | 280.98 | 0.33 | **n.a.** | 51.8 |
| 3.70 | 26 | **Australia** | 963.42 | 0.66 | **n.a.** | 25.9 |
| 5.20 | 16 | **New Zealand** | 85.65 | -0.64 | **n.a.** | 12.8 |
| 1.80 | 33 | **US BROAD MARKET** | 1,205.26 | -1.23 | **n.a.** | 22.7 |
| 3.20 | 18 | **EUROPE** | 84.86 | -1.13 | **n.a.** | 22.2 |

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

# HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

## India's uphill inflation battle

India's central bank has begun fighting inflation with a traditional bullet. But this battle isn't a conventional one.

The Reserve Bank of India on Friday raised the cash-reserve ratio, which limits surplus cash in the banking system, by 0.75 percentage point to 5.75%. That was more than expected and came with hawkish comments about rising prices.

It shows the RBI is serious about inflation, while also exposing its limited weapons to curb rising food prices. While the cash-reserve change could temper price speculation among producers, it is unlikely help immediately. Food-price rises are the highest in over a decade. Annual increases in consumer prices have been around 13% for months.

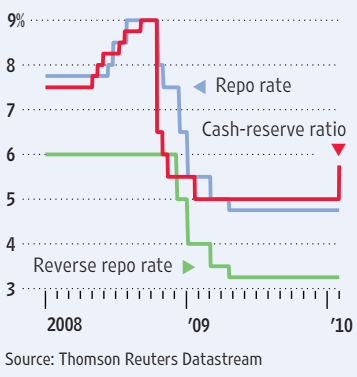
Meanwhile, it is unclear how the RBI's move will solve the root problem: supply constraints from 2009's drought and poor distribution. That makes this different from previous inflation battles, which focused on taming demand.

The central bank can't count on help from the government. New Delhi is more concerned about economic growth than inflation. Worse, it is likely to ramp up spending in February's national budget. That would mean more money in the economy from government employee wage increases and food subsidies.

The state's large market-borrowing requirements can also dilute the RBI's firepower. The central bank sharply cut rates to historic lows when the crisis struck. The task of raising them, given the fledging economic recovery, will take superior fighting skills. *—Harsh Joshi*

**Bank moves**

India's key interest rates and cash-reserve ratio




Source: Thomson Reuters Datastream

Reuters

A farmer sits on sacks of potatoes at a wholesale vegetable market in the northern Indian city of Chandigarh.

## Euro-zone bailout blues

Greece insists it doesn't need a bailout—and it may well be right. The market's demand for higher yields on Greek debt may be enough to impose fiscal discipline.

But the euro zone would be crazy not to plan how to structure a bailout if necessary, given that any attempt at a rescue is sure to be fraught with political and technical difficulties.

The first difficulty: Who would provide the bailout. The European Central Bank is an improbable candidate, constrained as it is by European treaties. Plus, several governing-council members oppose any form of bailout. Greece's problems relate to fiscal policy and aren't the business of a central bank.

Nor would a rescue by the European Council or European Commission be easy. The European Union can't issue its own bonds and would need new fiscal powers in order to do so.

One suggestion is for the European Union to open up, or increase, the €50 billion ($69.86 billion) fund raised from member states last year to assist non-euro-zone countries with balance-of-payments problems. But that could be viewed as another sign Europe isn't serious about fiscal discipline, triggering higher borrowing costs across the 16-nation euro-zone bloc.

That leaves short-term bilateral loans as the most feasible solution if Greece faced a temporary liquidity crisis. A loan would avoid any suggestion that Greece's budgetary errors were being forgiven; it might help avoid contagion to other countries.

But who should provide the loan? On what terms? And who should monitor compliance?

Above all, there is the question of when to intervene.

Unlike a bank, Greece can't be exposed to a debilitating run, requiring action over a weekend. But a steady loss of confidence risks dragging down other countries, raising risks for the entire euro zone.

Greece's European partners had better get a plan before that happens. *—Richard Barley*

## Apple joins Amazon's book club

Judging from **Amazon.com**'s stock rally in recent days, Wall Street has shrugged off the threat posed by **Apple**'s iPad. But it may be too early for investors to turn the page on this story.

Admittedly, the revenue impact of the iPad on Amazon's Kindle looks small. Jefferies analyst Youssef Squali estimates that any erosion of Kindle sales from the iPad could slice two to three percentage points off the 36% revenue growth he projects for Amazon this year.

But the plot is more involved. Apple persuaded five major publishers to back the creation of a new e-book store, with prices pitched higher than the $9.99 for bestsellers popularized by the Kindle. That suggests publishers see in the iPad a chance to wrest back control of digital prices from the e-tailer.

Indeed, the fight intensified Saturday, as Macmillan said Amazon removed all e-book titles published by Macmillan from Amazon and its Kindle e-reader site.

Publishers have made no secret of their dislike of Kindle pricing, which they fear will cannibalize higher-priced hardcover sales. While publishers stand to earn less per book from Apple's store than through the Kindle, Apple is letting publishers set the price.

Something's got to give. Otherwise, given that iPhone's Kindle application will be on the iPad, consumers will have the choice of paying two different prices for the same book on the device. That isn't likely to suit Apple or the publishers.

Amazon has negotiating power. It ranks as a leading seller of print books in the U.S. Publishers can't afford to withhold physical books from the e-tailer. But they could possibly give e-book titles to Apple earlier than to Amazon. With Amazon priced at 46 times projected 2010 earnings, any threat to its competitive position shouldn't be dismissed lightly. *—Martin Peers*

Patrick Conloy/The Wall Street Journal; Everett (Kong); AP (iPad); Bloomberg News (Kindle)

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